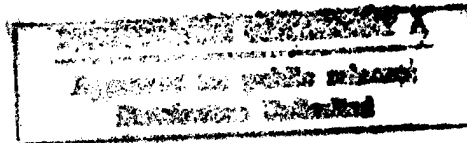


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# USSR Report

INTERNATIONAL ECONOMIC RELATIONS

No. 33

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19 July 1982

# USSR REPORT

## INTERNATIONAL ECONOMIC RELATIONS

No. 33

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SKOROV: 'TRADE INSTEAD OF WAR'

Moscow MOSCOW NEWS in English No 23, 13-20 Jun 82 p 5

[Commentary by Georgi Skorov]

[Text] **GLOBAL PROBLEMS**

World trade grew by about 50 per cent faster than world production in the post-war period under the impact of the scientific-technological revolution. This feature of our time is a direct outcome of greatly developed international division of labour. It reveals the growing interest of all countries in exchanging the output of their economies.

Acute global problems now facing us are no less important reasons for the expansion of international cooperation.

We are entering a period when mankind is really confronted, for the first time in history, by the problem of limited supply and finite nature of the earth's resources—raw materials, fresh water, some primary fuels, and others.

The problem of environmental protection is very important too. Its acuteness is different in different states but it concerns all of them. The preservation of human environment costs colossal sums everywhere, and the cost will be growing more and more as time marches on.

The problem of doing away with the economic backwardness of the developing countries also looms large. A radical improvement of the living conditions of their population is the common concern of the entire world community. The situation in this respect gets more complicated with each passing year in conditions when the earth's population has grown to more than 4,500 million people and continues to swell.

Such are only some of the global problems. Their solution calls for the joint efforts of all the world's states — big and small, industrialized and developing, socialist and capitalist.

**HOW WE'D LIKE TO TRADE AND WITH WHOM**

Two main circumstances determine the Soviet Union's stand on trade-economic cooperation.

Firstly, we are of the opinion that international division of labour makes it possible to make more effective use of the national resources. The same as the other states, the USSR strives to capitalize on the advantages derived from foreign-economic relations for mobilizing additional opportunities for coping successfully with economic tasks, for gaining time, for raising production efficiency and for stepping up scientific and technological progress. They determine the economic expediency for the USSR to take part on a broad scale in the international exchanges of commodities and scientific and technological achievements.

Secondly, the USSR travels from the premise that well-developed economic relations provide, as it were, a foundation for political relations among states, making them firmer and more stable.

The USSR has always given primary attention to development of relations in trade-economic cooperation, as in all other fields, with the socialist

countries, countries of socialist economic integration. This will remain our top-priority concern in the future, too.

The USSR, likewise, develops trade and economic relations with the developing countries in Asia, Africa and Latin America, rendering them assistance and technical aid in developing their national economies and raising their population's living standards.

The USSR is prepared to deal further with the capitalist countries which wish to cooperate along the lines of equality, mutual benefit and non-interference into internal affairs. The other socialist countries affiliated to the CMEA take the same stand.

**WHAT HELPS AND WHAT HINDERS COOPERATION**

We cannot but take into account that cooperation between the socialist and capitalist countries (otherwise known as East-West cooperation), its scope, intensity and growth are all determined to a considerable measure by the international political climate. Politics can seriously damage the development of economic relations, and for prolonged periods at that.

The East-West trade was almost stopped, for example, at the peak of the cold war. It was then that the West started to impose all sorts of limitations—lists of "strategic goods" banned for export, discriminatory customs tariffs, currency control,

administrative protectionism and other measures aimed against the socialist countries.

The situation changed tangibly in the mid-60s. Thanks to the active peace-loving policy of the socialist countries and the realistic approach displayed by a number of leading politicians in the West, the tensions, which threatened to blow up, started to make room for detente.

The scope of economic cooperation started to expand between the Eastern and Western countries as the political climate between them improved. The mechanism for this cooperation and the contractual-legal foundations were developed. The complex of bilateral economic agreements of the USSR and other socialist countries with the main Western states was the core of this cooperation. These agreements, signed on a long-term basis, provide for using most diverse forms of economic relations—trade, compensatory agreements, industrial cooperation and scientific and technological cooperation. Their common features are long-term nature, large scope and comprehensiveness.

These agreements, of course, had a favourable impact on international political relations at the time of detente. It was precisely then that the growing interdependence of all states was realized, as well as the need for finding solutions that would take into account the national interests of all members of the world community. Our earth was more and more often being likened to a spaceship whose life-sustaining systems should support everyone aboard.

It is small wonder then that it was precisely in the atmosphere of a relaxation of international tensions that the developing countries posed in the mid-70s the question about the new economic order and the restructuring of the international economic relations along just and democratic lines. The socialist countries gave their support to this initiative.

Naturally, these developments suited far for everybody. The detente enemies, and there are quite a few of them in the West, and the influential circles connected with the military-industrial complex did not intend at

all to drop their attempts on trying to retard the developments. They only waited for a suitable moment and mounted

their attack at the juncture of the 70s-80s. The reason for it is of a different matter. At present I'd like to concentrate on other things. How to get out of the situation which has taken shape?

It seems obvious that in the course of the normalization of the international situation the decisive role belongs to negotiations on a broad range of questions, connected with the averting of nuclear war, limitation of the arms race and with disarmament. The settlement of the existing conflicts and military-political crises and the averting of new crises would be of great importance for the improvement of the present-day situation. Lastly, the further development of trade-economic relations would constitute a favourable prerequisite for abating international tensions.

Let's deal in greater detail with the latter.

### **THERE ARE SOME ACHIEVEMENTS, BUT...**

The European socialist countries and Western countries signed already more than 300 intergovernmental long-term agreements on trade and economic cooperation by the outset of the 80s. Still we can say without any exaggeration that the East-West economic relations are a field of lost opportunities.

Judge for yourself. The share of socialist and industrialized Western countries in world industrial production is 90 per cent and of world trade—75 per cent, but trade between them is less than 4 per cent of world trade (although it did run into 110,000 million dollars in 1981, the highest level after the war). It is an obvious disproportion that cannot be justified by anything. It emerged mainly as a result of the roadblocks and limitations which the West had set up and still maintains.

The abnormality of this situation leaps to the eye especially today when the West is in the throes of a grave economic crisis. One of the main indicators—the number of unemployed—now exceeds 23,000,000 in Western Europe and North

America, and the prospects for the dissolution of this reserve army of manpower remain quite problematical. Of course, the East-West trade, even if it were much bigger, would not have been able to provide work for all those who need it in the West. But the fact that the orders from the USSR and the other socialist countries provide today jobs for over 2,000,000 people in the West shows the scope of lost opportunities.

Another example is the building of the Western Siberia—Western Europe gas pipeline, which is the biggest East-West cooperation project. 4,600-km-long pipeline will make it possible to export 40,000 million cubic metres of gas from the USSR to West European countries every year. The deliveries of Soviet gas which will continue in the 21st century will be a major step in coping with energy problems on an all-European scale. By 1990 Western Europe will be able to satisfy a third of its needs in natural gas with deliveries from the USSR. The USSR will use part of its dividends from the sale of gas to purchase goods in Western Europe. Both sides will benefit as a result.

The gas-pipes project, of course, has a favourable impact on the international situation. Never before have the "two Europes" signed such a long-term, large-scale and mutually beneficial agreement on business cooperation.

### **SANCTIONS AGAINST SANCTIONS ARE NEEDED**

The economic policy of the USA, with the curtailing of economic relations with the USSR and the other socialist countries, offers an opposite example — that of exercising a negative influence on the international situation. Such actions of the US administration as the annulment of formerly issued export licenses, a partial embargo and other economic sanctions and limitations are becoming a sort of a norm in the behaviour of the USA. They not only damage the economic interests of the USA itself, but are also poisoning the world political atmosphere, aggravate tensions and sow mutual mistrust.

We can add to this that such actions cast doubts on the reputation of the USA as a reliable trade partner, and not only in the socialist countries but in the eyes of Washington's allies as well. Trade is not a facet which can suddenly be shut and then opened again. Trade calls for stability, trust, and honouring one's commitments. The violation of these norms leads to a loss of markets, to an economic loss.

The USA is undermining the economic relations with the socialist countries not only by itself. The present US administration forces its NATO allies to follow suit, bringing terrific pressure to bear on them and threatening to punish them.

The leaders of the major West European countries are reluctant to make concessions to the USA in this respect and sometimes directly resist it. They realize that the national interests of West European countries call for the preservation and development of economic relations with the socialist states. The past years have shown that Western Europe cannot satisfactorily cope with the problems of employment, of marketing industrial goods and of energy and raw materials supplies without cooperation with the USSR and other CMEA countries.

### **LET US SUM UP SOME RESULTS**

If we wish the East-West trade to continue developing, so that in the future it would remain a substantial factor for the stabilization of international political relations, then it is necessary to put an end resolutely to all the attempts made to use it as a lever of economic pressure, as a means of achieving political goals. Such is the main condition without which trade will not be able to develop normally.

It is also high time to reject the naive and simplified view that the East-West trade

strengthens, as it were, the defence capability of the Warsaw Treaty countries and that without it NATO would allegedly be able to achieve military superiority. That is an illusion. The economic might of the USSR and the other socialist countries will be able to secure their defence in any conditions.

Trade, economic, scientific and engineering cooperation are not charity or a gift. They are a mutually beneficial affair.

Countries enter into economic relations with each other not because they like one another or wish to please their partner, but because they see that this is useful. Mutual benefit is the foundation of the mutual interest in developing trade and economic cooperation.

## USSR WORLD TRADE

### SOVIET FOREIGN TRADE REVIEWED

Moscow FOREIGN TRADE in English No 5, May 82 pp 12-19

[Article by Vasili Klochek, Member of the Board, Head of the Main Planning and Economic Department, Ministry of Foreign Trade of the USSR]

[Text] The 26th CPSU Congress and the November 1981 Plenum of the CPSU Central Committee mapped out broad prospects for the economic growth of Soviet Union for the present decade. "Today, as we look five or ten years ahead," Leonid Brezhnev noted in the CPSU Central Committee Report to the Congress, "we must not forget that these are the years which will form the economic structure of the country in the 21st century."

One of our economic policy's major trends as reflected in the country's plans for the 1980s lies in its clearly defined policy transferring the Soviet economy on intensive development, with emphasis on the end results of the economic activity, and the mobilization of all the available reserves for the purpose, including those in the area of external economic ties.

Our policy of ever broader external economic contacts and more effective use of the possibilities and advantages of the international division of labour is expressed by the growing role foreign trade plays in the Soviet economy.

In 1981 the Soviet people, bent on implementing the Party's economic strategy worked out to lay a sound foundation for the new, eleventh five-year plan. Our industry made further progress in increasing output and improving its techno-economic characteristics. Industrial output showed a 3.4 per cent increase as compared with 1980. This to a considerable extent was the result of growing labour productivity which accounted for over four-fifths of the total percentage increase.



Outstripping growth rates were shown by such industries of great importance to social reproduction as gas, chemical, mineral fertilizer, electrical, machine-tool, instrument and those producing automation facilities and control systems, machines for live-stock farming and fodder production, and the microbiological industry. The output of metal-cutting numerical programme-controlled lathes went up by 13 per cent, and computational technique and spare parts for it by 10 per cent.

Our industry mastered and began serial production of over 3,500 new types of industrial products. There was also an increase in the proportion of products made to the highest quality standards.

The successes achieved in economic development made it possible for our country to increase its export potential and draw additional material resources into its foreign trade. Soviet foreign trade in 1981 amounted to 109,700 million rubles, a 16.6 per cent increase over 1980 (in current foreign trade prices).

**Soviet Trade by Groups of Countries**  
( '000 mln rubles)

	1980	1981	1981 as a percentage of 1980
<b>TOTAL</b>			
Turnover	94.1	109.7	116.6
Exports	49.6	57.1	115.0
Imports	44.5	52.6	118.4
<b>Socialist countries</b>			
Turnover	50.6	57.9	114.6
Exports	26.9	31.2	115.9
Imports	23.7	26.7	113.1
<b>CMEA countries</b>			
Turnover	45.8	52.2	114.0
Exports	24.3	28.6	117.4
Imports	21.5	23.6	110.2
<b>Industrial capitalist countries</b>			
Turnover	31.5	35.3	112.0
Exports	15.8	17.2	108.7
Imports	15.7	18.1	115.2
<b>Developing countries</b>			
Turnover	12.0	16.5	137.5
Exports	6.9	8.7	126.2
Imports	5.1	7.8	152.7

In 1981 the USSR traded with 142 countries. Our trade and economic relations with 116 of these are based on intergovernmental agreements on trade and economic and industrial cooperation. The

number of such countries grows larger. In 1981 the Soviet Union signed its first trade agreement with Malta.

With an increasing number of countries our economic relations are being changed to a long-term basis making it possible to tie in our foreign trade with our economic development plans more closely. In this respect a great importance is attached to long-term programmes of economic, industrial and technical cooperation. Last year such programmes were signed with Austria and Sweden. The USSR and Finland signed a Supplementary Protocol to their Long-term Programme which defines the prospects of cooperation with this country up to 1995.

Trade and economic relations between the USSR and the socialist countries are developing most steadily. As L.I. Brezhnev pointed out at the November 1981 Plenum of the CPSU Central Committee, our cooperation with the socialist countries "is an area of paramount economic and political importance".

In 1981, the first year of the 11th five-year plan, work was under way to lay a firm basis for the new stage of the dynamic development of our trade and economic relations with the socialist countries.

The CMEA member-countries account for the bulk (about nine tenths) of our trade with this group of countries. Main attention in the Soviet Union's relations with the CMEA members in 1981 concerned agreements for the current five-year-plan period and the 1980s in general of a wide complex of new integration measures coordinated by the economic development plans of all the CMEA countries. The basic components of this complex are the specific programmes of cooperation in the major spheres of the economy, the long-time programmes of specialization and cooperation in production up to 1990, and the second Coordinated Plan of Integration Measures for 1981-1985.

The planned integration measures, when carried out, will assure the most rational use of the productive capacities of each of the participating countries and of their economic experience, and material resources.

The successful outcome of the CMEA countries' cooperation on integration added to the 1981 agenda the objective need for the fraternal countries to achieve still closer cooperation. The 26th CPSU

Congress, for instance, set the task of supplementing coordination of national economic plans by the agreeing interested countries' economic policies as a whole. The base of this measure should be specialization and cooperation in production and steady use of the international division of labour. Solution of this task presupposes closer structural convergence of economic mechanisms, further development of direct contacts between ministries, associations and enterprises participating in the cooperation, the setting up of joint firms and the use of other possible forms of pooling efforts and resources on a mutually advantageous basis.

The deepening and diversification of economic ties between the socialist countries should result in intensifying the use of available reserves and raise economic efficiency. As N.A. Tikhonov, Chairman of the USSR Council of Ministers, noted at the 35th CMEA Session in 1981, "analysis of the implementation of the Comprehensive Programme shows that mutual exchange cannot remain the only means of covering current economic deficits. It should turn into a powerful and constant lever raising production efficiency." Achievement of this aim imperatively demands that Soviet organizations should improve their methods of assessing the efficiency of their various forms of economic and industrial cooperation with the fraternal countries.

Specific trends in deepening economic, scientific and technical cooperation with the CMEA members were concretely expressed in the trade and payments agreements signed by the Soviet Union with all the other CMEA member-countries for 1981-1985. In the current five-year-plan period our trade with the CMEA countries will on the whole increase by approximately 40 per cent over the 1976-1980 period.

Relative to 1980, trade between the USSR and the socialist countries in 1981 went up by 14.6 per cent to 57,900 million rubles. The volume of our trade with the CMEA members rose over the same period to 52,200 million rubles, a 14.0 per cent increase.

The following figures illustrate the changes in the volume of our trade with separate socialist countries.

# USSR's Trade with the CMEA Member-Countries

(mln rubles)

	1980	1981	1981 as a percentage of 1980
Bulgaria	7,099.1	8,071.4	113.7
Hungary	5,738.2	6,607.1	115.1
Vietnam	612.4	891.8	145.6
GDR	9,200.0	10,680.7	116.1
Cuba	4,266.0	4,807.0	112.7
Mongolia	883.6	1,035.9	117.2
Poland	8,001.9	8,152.1	101.9
Romania	2,791.5	3,452.2	123.7
Czechoslovakia	7,184.0	8,487.1	118.1

In 1981 the Soviet Union shipped to the socialist countries fuel, raw materials, equipment and machinery, and gave them extensive technical assistance in building industrial projects. For their part, the socialist countries delivered to the USSR many types of equipment and machinery, transportation means, consumer goods and certain raw materials.

Last year saw further progress in developing specialization and cooperation in production, a most important direction of ties between the fraternal countries. This form of partnership was given impetus by bilateral long-time programmes of specialization and cooperation in production, signed in 1979 and 1980 between the Soviet Union and Bulgaria, Hungary, the GDR, Poland, Romania and Czechoslovakia, which are closely tied in with the long-term special-purpose programmes of co-operation.

Many ministries of the USSR and the other CMEA countries have already signed sectoral programmes of specialization and cooperation in production. These provide for the production of new types of articles, and also measures that will raise the technical standards and quality of mutually supplied products turned out by the tractor and farm machinery, heavy, transport, electrical machinery, pulp-and-paper, medical, machine-tool and instrument-making, oil-refining, petrochemical and chemical, automotive and other industries.

Specialized and cooperative production should become a main basis for the mutual supply of the CMEA members with requisite types of equipment and machinery.

Agreements of growing importance in our trade with the CMEA countries are those on multilateral specialization and cooperation in production, particularly in the manufacture of numerical programme-controlled metal-cutting lathes and shuttleless looms with the participation of six socialist countries, and the output of construction machines and equipment with the participation of seven CMEA member-states.

The USSR has already signed more than 80 multilateral and about 100 bilateral agreements with the CMEA members and Yugoslavia on specialization and cooperation in production in various fields of mechanical engineering, including the manufacture of equipment for atomic power stations, heavy and unique machine tools, computers, tractors, farm machines, mining equipment.

Among countries outside the CMEA organization our trade with Yugoslavia was particularly brisk. Compared to 1980 it rose 30 per cent to reach 5,000 million rubles. Trade between the USSR and China nearly halved, making up a total of 176.8 million rubles.

Trade and economic cooperation between the Soviet Union and the industrial capitalist countries in 1981 proceeded under complicated conditions caused by trade policies, artificially raised by the opponents of detente. Whipping up political and military tensions in the world, the United States has not only imposed restrictions on its own trade with the socialist countries, but is out of its way to hinder the development of normal economic ties between the West European countries and the Soviet Union and other socialist states. The US Administration is making every effort to upset international economic cooperation with the aid of "sanctions" and a trade-and-credit blockade, so as to force the Soviet Union to make political concessions.

In his speech at the 17th Congress of Soviet Trade Unions on March 16, 1982, L.I. Brezhnev noted in this connection that the Soviet Union has a powerful economy and abundant resources. "Among countries that Washington calls its allies, many are far more dependent on foreign trade for all their development. It is hard to say, therefore, whose interests are hit more painfully by the policy of cowboy attacks on international trade and normal economic relations."

In other words, those countries which will yield to pressure from overseas and agree to curtail their trade may lose their own positions in trade with the USSR, and, as experience shows, it is much easier to wind up trade and economic relations than to re-establish them. Guided by the principles of peaceful coexistence, the USSR in its relations with the Western countries adheres to a policy of maintaining stable trade and economic contacts with those countries which show interest in developing such contacts.

The volume of East-West trade in 1981 increased 12.0 per cent over the 1980 value. The share of the Western countries in Soviet foreign trade, however, fell slightly—from 33.5 per cent in 1980 to 32.2 per cent in 1981.

Broadly speaking West European countries hold a special place in Soviet foreign trade. In 1981 the West European states and West Berlin accounted for 80 per cent of the USSR's trade with the industrial capitalist world, or a quarter of the total volume of Soviet foreign trade. Our trade with the West European countries in 1981 increased 11.5 per cent as compared with 1980, and reached 28,300 million rubles.

Our major trading partners among these countries in 1981 were the states with whom we are cooperating on a sound long-term stable basis covering the whole period of the eleventh five-year plan (1981-1985), namely, the FRG, Finland, France and Italy. Besides successfully executing economic arrangements and programmes, large-scale agreements and contracts signed previously the parties held talks and concluded new transactions.

In 1981, as during the preceding nine years, the FRG ranked first among the Soviet Union's Western trading partners. Soviet-West German trade and economic ties are proceeding on the basis of an Agreement signed for a period up to 2003 on the development and deepening of cooperation in the economic and industrial field.

West German firms in 1981 received new big Soviet orders. Among these we shall mention the contracts with the Mannesmann-Thyssen consortium for the shipment of 555,000 tons of large-diameter pipes to the USSR in 1981 and 1982, the Lurgi firm (delivery of complete sets of equipment for a factory to produce potassium chloride (2 million tons a year), and the Mannesmann-Creusot Loire

consortium, on participation in building compressor stations for an export gas pipeline.

For their part, Soviet organizations have sold gas to the Ruhr-Gas AG firm, 10,500 million cubic metres of which will be annually delivered to the FRG over a 20-year period, starting from 1984.

Finland ranks second in the trade volume and first in the variety of forms of trade and economic relations with the USSR. Our business contacts with Finland are a good example of equal mutually advantageous cooperation between countries with differing social systems. The programme for promoting trade, economic, industrial, scientific and technical cooperation between the two countries up to 1995, and the Trade and Payments Agreement for 1981-1985 have specified the trends of Soviet-Finnish commercial ties in this current five-year-plan period.

Last year the two countries made good progress in the cooperation in building industrial and other large national economic projects. The Loviisa-2 atomic power station, which the Soviet Union helped build, was put into commission.

The USSR and Finland have signed new big contracts and agreements, in particular, those on the construction in the Karelian ASSR of the second and third stages of the Kostomuksha mining and ore-dressing complex (24 million tons of ore and 9 million tons of pellets annually), and on the sale to the Soviet Union of 13 ships for various purposes.

Soviet organizations and enterprises have signed with Finnish firms their eleventh treaty of cooperation on the joint manufacture and sales, including to third countries, of channel forming pulse-code modulation equipment. Thus the wide range of Soviet-Finnish cooperation has been supplemented with electronic communications equipment.

Trade between the USSR and France in 1981 developed steadily. In accordance with the Soviet-French Agreement on Economic Cooperation for 1980-1985 and the Long-term Programme for the Extension of Economic, Industrial and Technical Cooperation for 1980-1990 France over the year shipped to the USSR equipment for a factory in Ufa to produce para- and ortho-xylenes, one in Omsk to make benzene and another in Nikolayev for alumina and also complete sets of equipment for manufacturing styrene and polystyrene.

Early in 1982 an agreement was signed with the French state-owned company, Gas de France, on the delivery over a 25-year period of 8,000 million cubic metres of Soviet gas annually. For their part, the French firms have supplemented their stock of export orders with big contracts for the shipment to the USSR of equipment for automated control and communication systems, gas-cooling stations for the Orenburg-Uzhgorod gas pipeline, equipment for modernizing the Volga Motor Works, and so on.

Good progress was achieved in implementing the Agreement on Economic Cooperation for 1980-1985 and the Long-term Programme for Deepening Economic and Industrial Cooperation between the USSR and Italy. In 1981, Italian firms shipped to the USSR equipment for enterprises in the chemical, petrochemical, gas, automotive, tractor, light, food and other industries. Italy, on the compensation agreements delivered to the Soviet Union equipment for chemical factories.

The long-term programme now being worked out for deepening economic, industrial, scientific and technical cooperation between the Soviet Union and Italy for the period up to 1990 should give added impetus to their trade and economic relations.

Our trade with Canada kept expanding. Soviet trade and economic relations in 1981 were most difficult, besides the United States, and also with Great Britain and Japan whose governments supported the USA in its policy of putting artificial barriers in their trade with the Soviet Union. However, despite this US policy, business circles in these countries continued to show interest in mutually advantageous trade and economic cooperation with the USSR. Evidence of this is the visit of a delegation from British business circles to the USSR in January 1981, and the session of the Soviet-British Intergovernmental Commission for Cooperation in the Fields of Applied Sciences, Technology, Trade and Economic Relations held in May 1981. Nevertheless, the negative tendency of Soviet-British trade failed to be overcome. Soviet trade with Britain declined by 17 per cent relative to 1980.

A trade and payments agreement with Japan was signed in May 1981 as a basis for the further development of trade and economic relations between the two countries for the period 1981-1985. The parties also concluded a General Agreement on



continued cooperation in developing forestry resources of the USSR Far East regions.

In 1981 our trade grew most tangibly with Spain (61.2 per cent), Portugal (42.9 per cent), Canada (42.4 per cent), Austria (39.4 per cent), Denmark (34.8 per cent), Finland (28.9 per cent), Greece (27.2 per cent), Iceland (25.3 per cent), Norway (15.8 per cent).

#### Soviet Trade with Major Industrial Capitalist Countries

	1980	1981	(mln rubles) 1981 as a percentage of 1980
West European Countries			
Total	25,405.3	28,333.7	115.5
including:			
FRG	5,780.0	6,009.3	104.0
Finland	3,888.6	5,013.4	128.9
France	3,752.7	4,189.4	111.6
Italy	3,034.3	3,486.0	114.9
Great Britain	1,811.8	1,503.6	83.0
Netherlands	1,387.5	1,477.5	106.5
Countries of other continents			
Total	6,177.9	7,025.0	113.7
including:			
Japan	2,722.8	3,029.5	111.3
USA	1,502.5	1,845.4	122.8
Canada	1,001.6	1,426.4	142.4
Australia	781.4	549.3	70.3

In its economic relations with the developing countries in Asia, Africa and Latin America the Soviet Union pays great attention to combining the various ways and means of cooperation in which foreign trade ties hold an important place. Our trade with these countries is growing at high rates.

There was a further quantitative growth and qualitative improvement in the USSR's trade and economic relations with the developing countries in 1981. Compared with 1980 our trade with this group of countries increased 37.5 per cent to 16,500 million rubles. The share of the developing nations in the total volume of Soviet foreign trade rose from 12.7 per cent in 1980 to 15 per cent in 1981.

Shipments under interstate long-term agreements on economic and technical cooperation account for a considerable proportion of Soviet trade with the developing countries. Our economic and technical cooperation with them covers the sphere of material production above all. This develops

**Soviet Trade with the Major Developing Countries**  
(mln rubles)

	1980	1981	1981 as a percentage of 1980
Argentina	1,192.5	2,402.9	201.5
India	1,739.8	2,397.9	137.8
Iraq	731.7	909.4	124.3
Iran	334.6	878.5	262.6
Afghanistan	504.7	655.8	129.9
Libya	450.9	551.1	122.2
Brazil	275.0	550.2	200.1
Syria	321.0	530.0	165.1
Egypt	383.7	511.3	133.3
Turkey	443.1	448.4	101.2

their economic potentials and increases their accumulations, thus ensuring the growth of employment.

Last year the Soviet Union gave assistance to more than sixty developing countries where over five hundred enterprises and other projects were under construction or planned to be built.

Through foreign trade and economic cooperation channels the USSR is helping many developing nations solve the problem of their industrial development, a fact of vital importance to them for setting up key industries, such as the extractive industry, metallurgy, mechanical engineering, the chemical and light industries.

Due to the growing energy crisis the construction of national power facilities is of fundamental necessity to the newly free countries. In 1981 the Soviet Union helped build new and expand existing iron-and-steel works in India, Turkey, Nigeria, Pakistan, Sri Lanka, Algeria, and irrigation installations in Syria and Turkey, electric power stations and other projects.

As ever before, machines and equipment in 1981 were among the major items of Soviet exports to the developing countries. Half of these were for Soviet-aided enterprises. In addition, the USSR shipped to these countries oil and oil products, timber, ferrous rolled and chemical products as well as other goods.

Of great benefit to our economy in 1981 were purchases made in the developing countries of cotton fabric, knitwear and garments, hides and skins, vegetable oils, jute sacks, tea, spices, tropical fruits, grain and other foodstuffs, mineral raw

materials, fuel. We expanded our purchases of articles turned out by national industries, including engineering products from countries with a developed industry, such as India for instance.

In the Soviet Union's relations with the developing world much attention is devoted to the improvement of the practice of signing trade agreements, the forms of trade and economic ties, the system of settlements, and trade and economic cooperation planning.

Recent years have witnessed the expansion of long-term commercial and economic relations as the most promising form assuring stable trade, making it possible to obtain closer relations for the implementation of our large-scale economic plans and coordinate various aspects of these plans with the economic development plans of the newly independent countries. This is made easier by the ever wider practice of signing long-term trade agreements, as well as agreements and programmes of economic, scientific and technical cooperation for the periods of 10 to 15 years, which cover an extensive area of business relations.

In 1981 the USSR signed a long-term programme of economic and trade cooperation with the People's Republic of Mozambique for the 1981-1990 period, a trade agreement with Afghanistan for 1981-1985, a new trade agreement with Iraq for 1981-1985, agreements with Argentina on meat shipments to the USSR for the 1981-1985 period.

To coordinate trade, economic, scientific and technical contacts between the Soviet Union and the developing countries, ever wider use is being made of intergovernmental commissions on trade, economic, scientific and technical cooperation. Last year agreements were signed with Brazil, Bolivia and Ecuador on the setting up of such commissions. Today over a score of them are functioning between the USSR and developing nations.

Relative to 1980, Soviet *exports* last year increased 15 per cent to 57,100 million rubles. The socialist countries purchased 54.6 per cent of the overall Soviet export goods, our exports to these countries went up, showing a 15.9 per cent increase.

The industrial capitalist countries accounted for 30.2 cent of the Soviet exports, or 8.7 per cent over and above the 1980 figure. Our exports to the developing countries rose by 26.2 per cent. The proportion of this group of countries in the Soviet exports went up from 13.8 per cent in 1980 to 15.2 per cent in 1981.

### The Soviet Export Pattern

(per cent)

	1980	1981
Total	100	100
including:		
Machines, equipment and transportation means	15.8	13.7
Fuel and electricity	46.9	50.2
Ores, concentrates, metals and articles thereof	8.8	8.1
Chemical products, fertilizers, rubber	3.3	3.5
Timber, pulp-and-paper goods	4.1	3.3
Textile raw materials and semi-manufactures	1.9	1.9
Industrial consumer goods	2.5	1.8

In 1981 the USSR exported 7,800 million rubles' worth of machines, equipment and transportation facilities. The share of socialist countries' purchases of Soviet equipment and machinery fell from 78.2 per cent in 1980 to 75.3 per cent in 1981; that of the developing nations and industrial capitalist countries increased accordingly. Compared with 1980, Soviet equipment deliveries to the developing world rose by 11.6 per cent, and to the industrial capitalist countries, by 19.7 per cent.

The developing countries increased their purchases of Soviet equipment for the metal-working, iron-and-steel, and oil-refining industries, of lifting and conveying equipment and passenger cars.

Industrial capitalist countries increased imports from the USSR electric motors, metallurgical equipment, cars and trucks, ships and marine equipment.

Power-generating equipment, transportation facilities, metallurgical equipment, farm machines and machine tools hold a leading place in Soviet equipment and machinery exports. The structure of these exports has been greatly influenced in recent years by new forms of our cooperation with foreign countries, outside the bounds of ordinary trade, for instance, production specialization and cooperation with CMEA member-countries, and for some types of equipment, with certain capitalist countries.

Power-generating equipment is a major item of Soviet machinery exports. Last year the USSR exported 829,200 million rubles' worth of it. Soviet shipments continued for the hydroelectric power stations: Salto Grande in Argentina, Sobradinho in

Brazil, and Purnari in Greece, and also for the thermal power plants Costanera and Bahía Blanca in Argentina, and Kardia in Greece. Last year our export programme was supplemented with a big contract for the shipment of power-generating equipment for the Amideon thermal power station in Greece in consortium with the French firm Alsthom.

Last year our country exported 900.3 million rubles' worth of trucks and garage equipment, 412.4 million rubles' worth of passenger cars, and 189.4 million rubles' worth of railway rolling stock.

In recent years good progress has been made in aircraft exports, which in 1981 amounted to 630.1 million rubles, a 17.4 per cent increase over 1980.

The Soviet Union is a major exporter of equipment for the ferrous and non-ferrous metal industry. Last year these exports reached 591.4 million rubles. This type of equipment was delivered, for instance, for fuming mills in Bolivia.

The export of tractors and garage equipment in 1981 rose 13.3 per cent to 539.9 million rubles, and farm machines 14.4 per cent to 230.3 million rubles. There was an increase in the export of seed sowing machines, grain combine harvesters, hay balers and straw presses.

Soviet equipment and machinery exports in 1981 showed an increase in the proportion of underground and open-cast mining equipment, instruments and laboratory equipment, equipment for enterprises in the metal-working industry.

Fuel and energy carriers continued to hold a large place in Soviet exports in 1981. The proportion of this group of goods somewhat increased over the 1980 volume.

As in the past the bulk of this type of goods was shipped to the CMEA member-countries. Such materials were also exported to the developing and industrial capitalist countries.

In the ore, concentrates and metal groups last year the USSR increased its exports of pig iron, ferrous rolled stock and pipes to the socialist countries; aluminium—to socialist and capitalist countries; lead and nickel—to industrial capitalist countries.

Highly dynamic is the development of our export of products of the chemical and petrochemical industries. In 1981 the export of chemical products went up by 21.2 per cent; their range widened. The USSR increased exports of sulphuric acid,

plastics and artificial resins, phosphorous and potassium fertilizers, and preparations for pest control in agriculture to the CMEA countries; nitrogenous fertilizers—to the CMEA countries, industrial capitalist and developing states.

Exports of timber and pulp-and-paper goods fell 6 per cent relating to 1980. Sawn timber exports showed a 2.9 per cent decrease. At the same time, in this group of goods a slight increase was noted in the export of pulpwood, pulp and paper.

There is an increase in the export of goods for cultural and household needs. Last year we exported 498,300 refrigeration cabinets, 23.2 million clocks and watches, 1.3 million photo cameras, 950,500 bicycles.

Our policy in the field of imports in 1981 was based on the long-term tasks set for the country's economic development. The *import* of goods over the year rose by 18.4 per cent to 52,600 million rubles. The socialist countries supplied 50.8 per cent of these imports. The total volume of our imports from these countries increased by 13.1 per cent.

Industrial capitalist countries in 1981 accounted for 34.4 per cent of Soviet imports. From these countries we imported 15.2 per cent more than in 1980.

Soviet imports from the developing states increased by 52.7 per cent. The share of this group of countries in our imports rose from 11.5 per cent in 1980 to 14.8 per cent in 1981.

**Structure of Soviet Imports**  
(per cent)

	1980	1981
Total	100	100
including:		
Machines, equipment, transportation means	33.9	30.2
Fuel and electricity	3.0	3.6
Ores and concentrates, metals and articles thereof	10.8	10.0
Chemical products, fertilizers, rubber	5.3	5.2
Timber and pulp-and-paper articles	2.0	1.8
Textile raw materials and semi-manufactures	2.2	1.7
Foodstuffs, and raw materials for their production	24.2	27.7
Industrial consumer goods	12.1	12.9

A dominant place in Soviet imports is occupied by two groups of merchandise: plant and machinery, and foodstuffs and spices and raw materials for their production.

In 1981 the USSR imported machines, equipment and transportation means to the value of 15,900 million rubles. Imported equipment was used to build new and re-equip and modernize many existing enterprises. The bulk of imported equipment was intended for the power engineering, the chemical and petrochemical industries, ferrous and non-ferrous metallurgy, automobile and tractor manufacture, the pulp-and-paper, timber, light and food industries. Our railway rolling-stock, truck and passenger car fleets, and sea and river fleets are continuously replenished and updated.

Our metallurgical industry received imported equipment to an amount of 442.9 million rubles, the chemical industry—852.5 million rubles, the power and electrical industry—1,388.1 million rubles, the textile industry—434.1 million rubles, timber and pulp-and-paper and woodworking industries—168.6 million rubles, food industry—442.5 million rubles, and the printing industry—96.8 million rubles. The USSR imported 890 million rubles' worth of lifting and conveying machines, 468.4 million rubles' worth of road and road-building machinery, 1,208.1 million rubles' worth of metal-working equipment.

The country imported 1,234.6 million rubles' worth of ships and marine equipment for its water transport and fishing fleet, and 665.5 million rubles' worth of rolling-stock and equipment for its railways.

Last year the USSR imported farm machinery and equipment to the value of 880.3 million rubles.

The CMEA member-countries were the major exporters of machines and equipment to the Soviet Union. Their proportion in Soviet equipment and machinery imports in 1981 made up 67.7 per cent. Compared with 1980 our imports from this group of countries increased by one thousand million rubles and reached 10,800 million rubles.

From the industrial capitalist countries we imported equipment to an amount of 4,400 million rubles, or 27.4 per cent of our total machinery imports. Shipments under compensation agreements accounted for an appreciable proportion of these goods in our imports.

Shipments of raw and other materials for various large-scale projects continued. In 1981 the USSR imported rolled steel to the amount of 1,278.6 million rubles, and various pipes to the value of 1,575.5 million rubles.

Our foreign trade is making a weighty contribution to the fulfilment of the country's social programme. Last year we imported goods for cultural and household needs, foodstuff and spices to replenish the retail trade stocks, as well as the requisite raw materials for the food and light industries.

In 1981 the USSR imported 4.2 million tons of raw sugar, 980,000 tons of meat and meat products, 215,100 tons of butter, 556.5 million eggs, 41,000 tons of coffee, 121,100 tons of cocoabeans, 84,500 tons of tea, 1,020,600 tons of fresh fruits and berries, 212,800 tons of fresh vegetables, 104,700 tons of tobacco, 476.2 million metres of fabric, 1,051.5 million rubles' worth of garments, 618.5 million rubles' worth of knitwear, as well as various kinds of footwear to the value of 1,098.9 million rubles, furniture and other consumer goods to an amount of 517.1 million rubles.

\* \* \*

Our policy for the current five-year period is to improve management of the national economy, speed-up the intensification of social production and maintain the stable growth rates of the economy and foreign trade. This also applies to the activity of the country's planning bodies for raising the effectiveness of their external economic ties.

Identification of additional reserves for expanding production for export and improvement of the latter's structure, rationalization of imports and replacement of imported articles with Soviet-made goods, for whose manufacture the country has favourable resources, should in the final count help raise the efficiency of the Soviet economy as a whole.

In this connection the work of improving methodology and methods for assessing the economic efficiency of export and import operations and of such more complex forms of foreign trade activity as compensation agreements and international specialization and cooperation in production is of vital importance.

These questions concern not only the competence



of planning organizations but also sectoral ministries and their research institutions. The successful solution of these questions will accelerate the development of our country's economic potential and strengthen it.

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ECONOMIC STATISTICAL METHODS OF FOREIGN TRADE DEVELOPMENT

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[Article by Vyacheslav Seltsovsky, Deputy Chief of the Statistics Section, Main Planning and Economic Department, USSR Ministry of Foreign Trade]

[Text] In fulfilling many economic and political tasks set by the 26th CPSU Congress for the new five-year-plan period and for the 1980s as a whole, foreign economic relations, as before, should play an important role. As N.A. Tikhonov, Chairman of the Council of Ministers of the USSR, put it, "expanding economic, scientific and technical ties with other countries, using the opportunities of mutually beneficial international division of labour, is an important area in the activity of the Soviet state."

The development of the USSR foreign economic ties is a constituent of the foreign policy of the CPSU and the Soviet state and proceeds from the main foreign policy line written in the 4th Chapter of the USSR Constitution (Article 28): "The USSR steadfastly pursues a Leninist policy of peace and stands for the strengthening of the security of nations and broad international cooperation."

Along with this foreign economic ties are called upon to promote intensification and growth of the national economy, increase production efficiency and product quality in the interests of improving the Soviet people's well-being.

The foreign trade turnover volume and expansion of the geography of the USSR's foreign trade show the increased role the foreign economic relations play in the USSR's economy.

The Soviet Union's foreign trade turnover increased from 2,900 million rubles in 1950 up to 94,100 million rubles in 1980, i.e., more than 32 times. In 1950 the USSR traded with 42 countries and in 1980 with 139.

USSR foreign trade increased immensely during the Ninth and Tenth Five-Year-Plan Periods. The average annual growth rates of the USSR's foreign trade turnover for the last decade (1971-1980) reached 15.6 per cent, in 1951-1960 and 1961-1970—13.2 per cent and 8.2 per cent respectively.

When analysing the average annual foreign trade increase rates of the USSR during separate periods it is necessary to consider the constant yearly increase in absolute value of a one per cent increment. While in 1960 it was 95 million rubles, in 1980 it amounted to 803 million rubles, or more than one quarter of the total USSR's foreign trade turnover in 1950. Due to this fact it is proper to supplement the estimations of the USSR foreign trade increase rates in percentages with the calculations of absolute increase values.

The USSR foreign trade turnover increased in the Ninth Five-Year-Plan Period (1971-1975) by 129.6 per cent and in the Tenth Five-Year-Plan Period (1976-1980) by 85.6 per cent. In the absolute expression the foreign trade turnover increase rate during the Ninth Five-Year-Plan Period was 28,600 million rubles and during the Tenth Five-Year-Plan Period 43,400 million rubles. It should be noted that the growth of the USSR foreign trade turnover was greatly effected by price rises on the world market mostly for fuel-power and some other raw material products.

However, even without considering the price rise influence the USSR trade turnover growth in the Ninth and Tenth Five-Year-Plan Periods is characterised by very high rates.

Thus, in 1971-1975, USSR foreign trade turnover increased due to the physical volume growth (in constant prices) by 45 per cent and with consideration for the price rise by 58 per cent. The absolute increase of the USSR trade turnover during this period occurred owing to its physical volume increase of 9,900 million rubles and export goods price rise of 18,700 million rubles.

In the Tenth Five-Year-Plan Period the USSR general trade turnover increase rate of 85.6 per cent was determined by a 30 per cent physical volume increase (15,000 million rubles) and a 43 per cent price rise (28,400 million rubles).

TABLE 1  
USSR foreign trade growth for the Ninth and Tenth Five-Year-Plan Periods  
('000 million rubles)

	1970	1975	1980	Growth rate, per cent					
				1975 (1970 = 100)		1980 (1975 = 100)		1980 (1970 = 100)	
				current prices	constant prices	current prices	constant prices	current prices	constant prices
<b>Total</b>									
Turnover	22.1	50.7	94.1	229.6	145 *	185.6	130	426.3	188
Export	11.5	24.0	49.6	208.6	127	206.6	126	431.0	162
Import	10.6	26.7	44.5	252.6	164	166.7	133	421.1	217
<b>Socialist countries</b>									
Turnover	14.4	28.6	50.6	198.2	136	177.1	130	351.1	178
Export	7.5	14.6	26.9	193.7	129	184.6	127	357.5	164
Import including	6.9	14.0	23.7	203.2	144	169.3	134	344.1	193
<b>CMEA member-countries **</b>									
Turnover	13.5	26.4	45.8	195.8	135	173.0	129	338.8	174
Export	7.0	13.5	24.3	193.0	130	180.0	126	347.3	164
Import	6.5	12.9	21.5	198.8	140	165.8	132	329.6	185
<b>Capitalist countries</b>									
Turnover	7.7	22.1	43.5	288.6	161	196.6	129	567.3	209
Export	4.0	9.4	22.7	236.8	124	240.5	125	569.3	159
Import	3.7	12.7	20.8	344.7	201	163.9	132	564.7	264

\* Physical volume growth rates are rounded off to the nearest per cent.

\*\* Data on the CMEA member-countries' trade turnover for 1970 and 1975 include Cuba and Vietnam (the Republic of Cuba became a CMEA member in 1972 and the Socialist Republic of Vietnam in 1978).

TABLE 2  
Foreign trade growth rates for the Tenth Five-Year-Plan Period  
(in percentage relative to the previous year)

	1976			1977			1978			1979			1980		
	including due to		Total	including due to		Total	including due to		Total	including due to		Total	including due to		Total
	prices	phys. volume		prices	phys. volume		prices	phys. volume		prices	phys. volume		prices	phys. volume	
Trade Turnover	11.9	4.0	7.6	11.6	5.7	5.6	10.8	2.7	7.9	14.4	13.5	0.8	17.2	12.4	4.3
Export	16.6	7.6	8.4	18.7	7.5	10.4	7.3	3.9	3.3	19.0	18.3	0.6	17.0	15.2	1.6
Import	7.7	0.8	6.8	4.7	3.9	0.8	14.8	1.5	13.1	9.6	8.6	1.0	17.4	9.4	7.3

While before 1979 the greatest part of the foreign trade turnover growth was achieved due to the physical volume increase, with 1979 the share of the foreign trade turnover growth, owing to the physical volume increase, sharply declined. Correspondingly, in 1979 and 1980, 95 and 75 per cent of the trade turnover growth

It is worth mentioning that the absolute increase of the USSR foreign trade turnover during the Tenth Five-Year-Plan Period, reached only due to the physical volume growth of the USSR foreign trade, exceeds all the USSR trade turnover increase rate for 1957-1970.

Along with the above parameters the relationship of the foreign trade growth rate and the country's gross national product also indicates the deeper USSR participation in the international division of labour in the 1970s. The physical volume of the USSR foreign trade for 1971-1980 increased by 88 per cent and the gross national product (in comparable prices) by 67 per cent for the same period. Thus, the USSR foreign trade volume grew much quicker than the national economy gross output as a whole.

If we consider the import and export indices separately, "trade conditions" in the Ninth and Tenth Five-Year-Plan Periods were favourable for our country as can be seen from Table 1. For the last decade the index of the average export prices

431

was 266 per cent ( $\frac{\text{—}}{162} \cdot 100$ ) and that of import—

162

194 per cent. The "trade conditions" index is equal to 137 per cent which denotes the effective development of the USSR foreign trade. With the 62 per cent increase in the physical export volume during 1971-1980 our country imported 117 per cent more goods (in physical volume) during this period.

When analysing the USSR foreign trade growth rates for separate years of the Tenth Five-Year-Plan Period one can see the unequal influence of the price and physical volume changes on the value of the USSR foreign trade growth rate.

rate achieved were due to the price rise.

This situation was mostly determined by the world market price rise for oil and other fuel-power products which occurred in 1979 and 1980.

Due to the price rise for fuel-power products the average prices for the USSR export in 1979 were increased relative to the previous year by 13.8 per cent and in 1980 by 11.4 per cent as compared to 1979 (with a 15.2 per cent price rise on all export goods in 1980).

From the price increase made on fuel-power products in 1979 5,000 million rubles and in 1980 4,900 million rubles were obtained which constitute 51.9 per cent and 47.5 per cent respectively of the

USSR total trade turnover growth in 1979 and 1980.

It is necessary to take into account the fact that the index of the foreign trade growth due to price changes (expressed by the average price index) is effected by changes in the goods assortment which occurred in the considered period relative to the basic one. For example, if, when calculating the summary index of the total USSR export average prices the share of goods (whose prices rose significantly much greater thus having a higher index) increases during the current period relative to the basic one, then the summary index of the total export average prices will be higher due to this circumstance alone.

The index of the export assortment shifts estimated for 1980 relative to 1975 was 96.6 per cent and that for import 96.2 per cent. It means that due to the goods assortment changes (share of goods with a stronger price rise declined in the Soviet export and import), the index of the average export prices for 1976-1980 dropped by 3.4 per cent and that for import by 3.8 per cent.

Another fact to be considered is that the index of average prices is affected not only by the assortment shifts but also by changes in the export (import) goods distribution among individual countries that occurred during the period under review.<sup>1</sup> Thus the index expressing the influence of the geographical export structure on the average price index in general for the Tenth Five-Year-Plan Period was 102.2 per cent and that of import—101.1 per cent.

In connection with the above the USSR foreign trade turnover growth rate in 1980 relative to 1975 with account of various factors can be presented as a product of corresponding indices.

The Soviet Union attaches paramount importance to the development of mutually beneficial trade relations with the socialist countries. The share of the socialist countries in USSR foreign trade in 1980 was 53.7 per cent.

The Comprehensive Programme of socialist economic integration adopted in 1971 was of decisive importance for developing the Soviet Union's eco-

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<sup>1</sup> More detail on this subject was published in the March Number of *Foreign Trade*, 1981, pp. 29-33.

	Overall cost change	Change of physical volume	Change of average prices "in a pure state" without structural influences	Influence of assortment shifts	Influence of geographical structure
Export	20.6 =	126.3	x 165.7	x 96.6	x 102.2
Import	166.7 =	132.6	x 129.3	x 96.2	x 101.1
Trade turnover	185.6 =	129.6	x 146.1	x 96.4	x 101.7

economic relations with the CMEA member-countries in the Ninth and the Tenth Five-Year-Plan Periods. Over the last decade the trade turnover with the CMEA member-countries grew 3.4 times and according to the physical volume more than 1.7 times. Trade and economic relations between these countries develop on a balanced principle. Prices in the mutual trade between the CMEA member-countries have their establishment made on a planned foundation.

The CMEA member-countries' price formation principles envisage the fact that when establishing prices in their mutual trade the world market prices for the corresponding goods have to be freed from the adverse factors influencing the state of the capitalist market. This of course, indicates a decline in the CMEA member-countries' share in the USSR total trade turnover over recent years in spite of the USSR's absolute trade volume growth with these countries.

In 1975 the share of the CMEA member-countries in the USSR foreign trade turnover was 52.2 per cent and in 1980 48.6 per cent. However, if the prices in the trade with all the groups of countries during the given period had been constant or altered in the same proportion, the share of the CMEA member-countries in the USSR trade turnover in 1980 would have been given as about 52 per cent.

The Soviet Union's largest trade partners among the socialist countries in 1980 were: the German Democratic Republic, Poland, Czechoslovakia, Bulgaria, Hungary, Cuba, Yugoslavia and Romania.

The trade with Bulgaria, Hungary and Yugoslavia progressed in 1971-1980 with higher rates both in the current and constant prices (according to the physical volume) (See Table 3).

During the 1970s USSR trade and economic relations developed dynamically with the industrial capitalist and developing countries. The USSR trade volume with these countries increased in 1980 relative to 1970 by 5.7 times in current prices and 2.1 times in constant prices.

Important conditions for expanding trade and economic cooperation with the industrially developed capitalist countries were created due to detente and relaxation of international tension for preservation and strengthening of which the Soviet Union persistently struggles.

Soviet trade with this group of countries increased 6.7 times in 1980 in comparison with 1970 and reached 31,600 million rubles or 33.6 per cent of the USSR foreign trade volume.

The FRG, Finland, France, Italy, Japan, Great Britain, the USA, the Netherlands and Belgium were the largest trade partners among the industrially developed capitalist countries in 1980.

During 1971-1980 the USSR trade turnover grew at very rapid rates with the FRG (10.6 times in current prices, 3.6 times according to the physical volume), with France (9.1 and 3 times respectively) and Finland (7.3 times and 2.4 times).

The trade turnover with the USA for 1971-1980 increased 9.3 times in current prices and 8.4 times in constant prices. As a result of the US Administration's policy curtailing trade relations with the Soviet Union the USSR-USA trade volume declined in 1980 by 47 per cent relative to 1979 and by 6.1 per cent against 1975.

The USSR trade volume with Japan and Great Britain in 1971-1980 grew but not at high rates. As a result these countries which in 1970 occupied the first and second places among the USSR's leading trade partners in the capitalist world now take fifth and sixth places.

USSR trade turnover with individual developing countries in 1980 relative to 1970 amounted to (in million rubles): with India 1,740 (365), Argentina 1,193 (30), Iraq 732 (64), Afghanistan 505 (67), Libya 451 (13), Turkey 443 (83), Egypt 384 (606), Iran 335 (231), Syria 321 (59) and Brazil 275 (23).

The USSR trade successfully progresses with Ethiopia: in 1980 it reached 147 million rubles (2 million rubles in 1970), with Angola—85 million rubles and the People's Democratic Republic of Yemen—61 million rubles.



TABLE 3  
(mln rubles)

USSR Trade Turnover with Individual Socialist and Capitalist Countries

	1970	1975	1980	Growth rates, per cent			
				1980 (1975 = 100)		1980 (1970 = 100)	
				current prices	constant prices	current prices	constant prices
Bulgaria	1816.5	3990.8	7099.1	177.9	138.1	390.8	224.3
Hungary	1479.9	3273.7	5738.2	175.3	129.4	387.7	212.6
GDR	3295.0	5623.4	9200.0	163.6	121.5	279.2	147.0
Poland	2349.8	4853.3	8001.9	164.9	122.7	340.5	172.0
Romania	918.6	1525.8	2791.5	182.9	142.3	303.9	163.5
Czechoslovakia	2193.2	3911.2	7184.0	183.7	136.4	327.6	175.9
Cuba	1045.0	2589.0	4266.0	164.8	116.5	408.2	145.1
Yugoslavia	519.8	1558.4	3849.7	247.0	163.3	740.6	294.2
FRG	544.0	2777.3	5780.0	208.1	133.0	10.6-fold	361.5
Finland	530.7	1755.5	3888.6	221.5	143.3	732.7	244.0
France	412.8	1296.4	3752.7	289.5	164.6	909.1	295.7
Italy	471.9	1426.8	3034.3	212.7	120.3	643.0	197.2
Japan	652.3	1922.8	2722.8	141.6	110.9	417.4	187.8
Great Britain	641.4	959.3	1811.8	188.9	117.4	282.5	128.8
USA	160.9	1599.5	1502.5	93.9	91.1	933.8	843.5
Netherlands	222.9	451.0	1387.5	307.6	138.2	622.5	139.1
Belgium	149.0	529.8	1225.3	231.3	132.3	822.3	280.8

In the 1970s considerable structural changes of the USSR foreign trade occurred.

The task of eliciting these changes is of great significance as the improvement of the foreign trade turnover goods structure on the basis of increasing the share of export goods with the higher level of industrial processing, especially those of the machine-building industry, is an important way of increasing USSR foreign trade efficiency.

At the same time owing to the fact that prices for certain groups of goods increased very unevenly during the period from 1971 up to 1980 (in USSR foreign trade an appreciable place is taken both by goods whose prices rose more than 10-15 times in the considered period and by others for which the prices were virtually unchanged) an analysis of the trade turnover goods structure will not give a proper idea of its change without consideration for the impact of the price changes (in current prices). That is why the analysis of goods structure in current prices is to be supplemented by the analysis in constant prices.

Thus if the USSR foreign trade structure is considered in current prices then the share of machinery and equipment in the total USSR export costs declined from 21.5 per cent in 1970 down to 15.8 per cent in 1980.

In its turn the goods structure analysis made in constant prices will lead to another conclusion: the share of machinery and equipment was increasing and reached 26.3 per cent in 1980 against 21.5 per cent in 1970.

The lowered share of machinery and equipment in the total USSR exports in current 1971-1980 prices occurred due to a considerably much more rapid price rise for fuel and raw material products exported from the USSR as compared to the price rise for plant and machinery during this period.<sup>2</sup>

Analysis of other groups of goods shows that the share of the chemical products in the USSR exports in current prices declined from 3.5 per cent

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<sup>2</sup> For more detail on the influence of the relationship of the price rise rates for machinery and equipment and other groups of goods on the share of machinery and equipment in the USSR export see *Foreign Trade*, No. 3, 1981, pp. 27-28.

in 1970 down to 3.3 per cent in 1980. In comparable prices the share of the chemical products increased from 3.5 per cent up to 4.4 per cent for the given period.

A similar regularity is observed when considering the share of industrial consumer goods in USSR export.

As for fuel-power and raw material products (without food raw materials) their share in the USSR export in current prices greatly increased because of a sharp price rise for some of them and in 1980 amounted to 61.7 per cent against 45.1 per cent in 1970. In constant prices the share of these groups of products fell from 45.1 per cent down to 38.9 per cent for the same period.

The analysis made in constant prices shows that progressive changes occurred in the USSR export goods structure in 1971-1980: increase in the share of finished goods, primarily those of the machine-building and chemical industries and reduction in the share of raw material products. At the same time the goods structure analysis in current prices misrepresents these progressive trends in the USSR foreign trade.

The trends revealed as a result of the analysis of the USSR import goods structure in the current and constant prices for the 1970-1980 period are not so vividly opposite (as in the case of export). This is explained by the fact that the share of raw material products, in particular fuel and electric power, in USSR import is much lower than in its export and the sharp price rise for these goods in the given period did not so much effect the import structure change as it did export.

Machinery, equipment and transport facilities are the largest USSR import items. In the Ninth and Tenth Five-Year-Plan Periods the Soviet Union imported machinery and equipment amounting to 29,000 and 66,000 million rubles respectively. The problems of outfitting enterprises with up-to-date equipment, modernising the chemical, pulp-and-paper, food, light (textile) and also automotive industries, supplying the merchant fleet, railroad transport and agriculture with new-type technical means are being solved through the purchase of machinery, equipment and transport facilities from abroad. Thus, foreign trade accelerates the growth of the

TABLE 4  
USSR Export Structure in 1970-1980 (per cent)  
1970 = 100

	1975		1976		1977		1978		1979		1980	
	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices
1970	100	100	100	100	100	100	100	100	100	100	100	100
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100
Including:												
Machinery, equipment and transport facilities	21.5	18.7	24.7	19.4	25.2	18.8	24.8	19.6	26.0	17.5	26.3	15.8
Fuel and electric power	15.6	31.4	17.6	34.3	18.4	35.1	17.9	35.6	17.7	42.2	18.0	46.9
Ores and concentrates, metals and their products	19.6	14.3	15.9	13.2	16.0	11.1	14.1	10.3	13.2	9.1	12.9	8.8
Chemical products, fertilizers and rubber	3.5	3.5	3.8	3.0	3.7	2.8	3.7	3.0	3.9	2.9	4.1	3.3
Timber and pulp-and-paper products	6.5	5.7	5.5	5.3	5.4	5.1	5.0	4.5	4.8	4.1	4.3	4.1
Textile raw materials and semi-manufactures	3.4	2.9	3.5	2.9	3.5	3.2	3.6	2.5	3.1	2.0	2.8	1.9
Food products and raw materials for their production	8.4	4.8	5.0	3.0	3.4	3.1	3.8	2.2	3.0	2.6	3.5	1.9
Industrial consumer goods	2.7	3.1	4.2	3.0	4.1	2.7	3.6	3.1	3.8	2.3	3.4	2.5
												4.0

TABLE 5  
USSR Import Structure in 1970-1980 (per cent)

	1970		1975		1976		1977		1978		1979		1980	
	100		100		100		100		100		100		100	
	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices	cur- rent prices	con- stant prices
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Including:														
Machinery, equipment and transport facilities	35.6	33.9	36.6	36.3	36.3	37.3	38.1	38.8	42.0	42.5	38.0	39.4	33.9	37.2
Fuel and electric power	2.0	3.9	2.0	3.6	3.6	1.8	3.6	1.7	3.7	1.7	3.8	1.5	3.0	1.0
Ores and concentrates, metals and their products	9.6	11.6	10.3	10.8	10.8	10.6	9.3	9.4	9.7	10.1	11.2	10.7	10.8	10.8
Chemical products, fer- tilizers and rubber	5.7	4.7	5.0	4.3	4.3	4.8	4.4	4.8	4.1	4.6	4.7	4.9	5.3	5.4
Timber and pulp-and- paper products	2.1	2.2	1.7	1.8	1.8	1.6	1.8	1.6	1.5	1.4	1.5	1.4	2.0	1.8
Textile raw materials and semimanufactures	4.8	2.4	2.3	2.3	2.3	2.1	2.6	2.3	2.0	1.8	1.9	1.7	2.2	1.9
Food products and raw materials for their production	15.8	23.0	18.8	22.8	22.8	19.1	20.8	17.2	19.2	16.4	21.9	19.5	24.2	20.9
Industrial consumer goods	18.3	12.9	15.7	12.6	12.6	15.2	12.9	15.6	11.8	14.1	11.4	14.1	12.1	15.3

productive forces and increases USSR national production efficiency, participating in this way in the fulfilment of the main task—improvement of the Soviet people's well-being.

Purchases abroad of consumer goods and raw materials for their production pursue the same aim.

In 1980 consumer goods import amounted to 18,200 million rubles and in 1950 it was 500 million rubles. For the Tenth Five-Year-Plan Period consumer goods import was worth 67,400 million rubles and for the Ninth Five-Year-Plan Period—35,100 million rubles. For comparison it should be mentioned that in 1966-1970 the import of consumer goods came to 18,000 million rubles and in 1961-1965 to 13,000 million rubles.

In totality the finished consumer products purchased abroad now constitute about 10 per cent of the value of the home market assets.

Food products represent a large import item. During 1976-1980 the USSR imported: 19.2 million tons of raw sugar against 10.8 million tons in the previous five-year-plan period, 203.7 thousand tons and 224.1 thousand tons of coffee respectively, 566.1 and 690.5 thousand tons of cocoa beans, 2.6 and 1.5 million tons of meat and meat products, 4.5 and 4.1 million tons of fruits, berries, etc. respectively. In the Tenth Five-Year-Plan Period the grain import cost 10,300 million rubles (in the Ninth Five-Year-Plan Period—4,500 million rubles).

Industrial consumer goods occupy an important place among the imported goods used to satisfy the demands of the population. In particular during 1976-1980 337.4 million pairs of leather footwear (320.6 million pairs in the previous five-year-plan period), clothes worth 4,000 million rubles (2,700 million rubles), furniture worth 1,700 million rubles (1,200 million rubles) were imported.

The Soviet Union's foreign trade dynamically developed during the first year of the 11th Five-Year-Plan Period. Its volume reached 109,700 million rubles. That year the USSR's foreign trade turnover growth rate amounted to 16.6 per cent (4.1 per cent in constant prices). The application of the elaborated economic and statistical research methods of the USSR foreign trade development should improve the analysis of this important national economy sector which will undoubtedly be conducive to higher efficiency of its management.

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TWENTY-FIVE YEARS OF CMEA STANDING COMMISSION ON FOREIGN TRADE

Moscow FOREIGN TRADE in English No 5, May 82 pp 2-7

[Article by Nikolai Patolichev, USSR Foreign Trade Minister, Chairman of the CMEA Standing Commission on Foreign Trade]

[Text]

The 35th CMEA Session, held last July, was important in the history of the Council as its work was based on the assessments and conclusions of the 26th CPSU Congress and the congresses of the communist and workers' parties of the other fraternal countries.

Of extreme significance is the Session's conclusion that the fraternal parties' joint policy promoting socialist economic integration has fully justified itself and became a great factor contributing to the steady economic growth of the CMEA member-countries. As emphasized at the Session, in the present conditions of economic development, which have over the past few years grown in complexity, the mutual cooperation of the CMEA countries in tackling ever new problems plays an increasing beneficial role. Foreign trade, which has at all its stages been an important factor of our countries' economic growth, is facing constantly growing tasks.

It will be recalled that in the early years of the Council's work foreign trade was the basic element of cooperation between the fraternal countries.

At present the activity of the Council is centred on complicated questions of coordinating national economic plans and strengthening comprehensive ties in the spheres of material production and the joint solution of cardinal problems. Coordination of the member countries' economic policy as a whole is the main item on the agenda.

But no matter how wide the various forms of

cooperation could be their final result is the exchange of material values or mutual goods deliveries. For its part, foreign trade actively influences the development of the productive forces and is conducive to increasing the efficiency of the economy, to expanding the international socialist division of labour and to deepening socialist economic integration. That is why the CMEA member-countries are always mindful of this sphere of relations.

As a collective body of multilateral cooperation between the CMEA member-states the CMEA Standing Commission on Foreign Trade was set up by decision of the 7th Session of the Council. Its first sitting took place on April 3, 1957. Delegations from all member-countries with foreign trade ministers at their head take part in the work of the Commission. Since 1964 Yugoslav delegations also began to participate in this work on questions of mutual interest, in accordance with the Agreement between the Council and the Socialist Federal Republic of Yugoslavia.

Over the past 25 years the CMEA members through the guidance of their communist and workers' parties have made great progress in developing their economies and raising the material and cultural standards of their peoples. Their national income has increased more than fourfold and their industrial output, 6.6-fold, much more than the respective figures for the advanced capitalist countries.

In 1980 the CMEA members' trade amounted to 224,000 million rubles as against 14,000 million rubles in 1955.

Their economic development is being greatly facilitated by their broadening cooperation within the CMEA framework through which they are solving the major problems of their external economic ties. By way of their mutual trade, which accounts for about 60 per cent of their total foreign trade, the CMEA countries satisfy their basic import needs for the main fuel and energy carriers, machines, equipment and consumer goods, and realize the bulk of their export products.

Between 1955 and 1980 the volume of trade between the CMEA members increased 13.6 times, including: Bulgaria—25 times, Hungary—17.2 times, the GDR—11.3 times, Mongolia—6.9 times, Poland—13.2 times, Romania—9.1 times, the USSR—13.7 times, Czechoslovakia—10.3 times.



**Trade between the CMEA Countries**  
(mln rubles)

	1955	1960	1970	1975	1980
Total	8,374	14,338	33,493	70,996	119,780
Bulgaria	382	872	2,570	5,551	9,623
Hungary	560	1,037	2,670	5,714	10,303
GDR	1,424	2,679	5,709	10,550	16,122
Cuba	34	192	1,355	3,055	5,125*
Mongolia	89	127	176	336	615
Poland	988	1,437	4,067	8,485	13,210
Romania	631	821	1,689	3,022	5,753
USSR	3,109	5,343	12,284	26,248	45,777
Czechoslovakia	1,278	2,150	4,329	8,036	13,252

\* The figure is for 1979.

The data cited take account of the Mongolian People's Republic and the Republic of Cuba entering the CMEA in 1962 and 1972 respectively.

The Republic of Cuba (CMEA member since 1972) and the Socialist Republic of Vietnam (CMEA member since 1978) are taking an active part in the work of the CMEA Standing Commission on Foreign Trade. Over the period since they joined the Council their trade with the CMEA countries has increased fivefold and by 29 per cent respectively.

Over the past 25 years the annual growth rates of the CMEA members' mutual trade averaged 11 per cent, much higher figures than for the growth of their national incomes and industrial outputs.

The high growth rates of the CMEA countries' mutual trade have been accompanied by its diversification and progressive structural changes. This is clearly evidenced by the equipment and machinery trade. In 1980 the export of mutual trade in this group of goods reached 24,500 million rubles and increased 18-fold as compared with 1955, while its proportion in the member-countries' mutual trade amounted to 42 per cent (30 per cent in 1955). The indicator for the EEC countries was 29 per cent.

The export of equipment and machinery is developing most rapidly in those European CMEA member-states where previously mechanical engineering was at a low level. In Bulgarian exports, for instance, this group of goods in 1950 hardly existed, but in 1980 Bulgaria shipped to other CMEA countries 2,600 million rubles' worth of these goods, an amount equal to 54 per cent of its total exports to these countries. Over the same period Poland increased its equipment and machinery exports 85 times, and Romania 148 times. This indicator for

the other CMEA countries is also high (Hungary—37 times, the GDR—56 times, the USSR—40 times, Czechoslovakia—30 times).

These changes in the export pattern reflect the process of ever expanding industrialization of their economies, as well as the evening out of their economic development levels, which is one of the major regularities governing socialist economic integration.

With the aid of the fraternal countries Mongolia and the Republic of Cuba are rapidly developing their economies. Vietnam is making good progress in rehabilitating the country and laying the foundations of its socialist industry.

From the very outset the Commission has centered its attention on measures aimed at the all-round development of the CMEA members' mutual trade and setting up a system for its balanced regulation, so that this trade can make an ever greater contribution to the development of the CMEA members' socialist economies thus enhancing their efficiency, and improving the well-being of the peoples.

Being able to balance their economic development is one of the greatest advantages the socialist countries have. Thanks to their cooperation within the CMEA framework the gains from balanced development have been seen in the practice of their mutual economic trade.

Agreement, in the course of economic plan coordination, on the principal questions of interaction in the fields of material production, science and technology, production specialization and cooperation makes it possible for each participating country to distribute ever more rationally its material, manpower and financial resources for developing its economy and raising the living standard of its people, with due regard for the understandings reached.

The planned arrangement of mutual shipments, in turn, helps balance and obtain a steady growth of the fraternal countries' economies and in large measure this mitigates the negative effect of crisis phenomena in the capitalist economy on them.

Emphasizing the importance of the collective system of balanced regulation of the CMEA members' mutual trade, the Commission pointed out that the creation of such a system was an important result of their cooperation in this field.

The basic elements of this system are: five-year long-term trade agreements based on economic plan

coordination; common principles and price fixing methods; common terms of goods deliveries, common terms of after-sale services; an agreed multilateral settlement system in transferable rubles, (the CMEA members' collective currency), etc.

It was not easy to elaborate and apply this system as there were no previous examples or ready-made models to follow and copy. Practice has convincingly illustrated the natural link-up of this system with the establishment and development of the participating countries' socialist centralized planned economies and the conduct of their foreign trade on the basis of a state monopoly.

The last ten years of implementing the Comprehensive Programme have seen appreciable consolidation of the ever closer interaction of the fraternal countries on planned principles. Fundamentally new forms of mutually advantageous ties have been put into practice: the Coordinated Plan of Multilateral Integration Measures, long-term specific programmes of cooperation; bilateral long-term programmes of specialization and cooperation in production, etc. These have enhanced the effectiveness of long-term trade agreements which now more and more reflect the member-countries' deepening cooperation in material production, specialization and cooperation.

This is evidenced by the following figures. Over the past ten years the CMEA countries signed over 1,000 bilateral and 120 multilateral agreements on production specialization and cooperation. The volume of mutual shipments under these agreements in 1980 reached 8,800 million rubles (1,300 million rubles in 1971) and was growing twice as fast as the shipments of equipment and machinery as a whole.

The large integration projects commissioned in the Soviet Union during the last five-year-plan period (the Soyuz gas pipeline, the Kiembayev asbestos complex, the Ust-Ilimsk pulp and paper complex and others) are already shipping their products to the countries participating in their construction. The annual volume of these products is worth over 2,000 million transferable rubles.

Thus, the old traditional forms of trade relations are more and more giving way to planned long-time cooperation aimed at deepening the member-countries' specialization and cooperation and pooling

their resources for the joint solving of vital problems in such areas as material production, science and technology.

Special mention should be made of the fact that long-term trade agreements do not have a restrictive nature. As they are being executed the parties seek additional export resources in order to expand their goods exchange. For this every year they hold bilateral talks to specify and supplement the lists of mutual shipments, and also multilateral talks to additionally coordinate shipments for balancing the multilateral mutual receipts and payments system.

This allows greater consideration to be given in their foreign trade exchanges of the fraternal countries' possibilities and requirements while fulfilling their national economic plans, and also their commitments for shipments stemming from the agreements on production specialization and cooperation and other economic arrangements signed at different periods.

For effective coordination of the commercial terms of contracts signed by the member-countries' foreign trade organizations on the shipment of goods, an important role belongs to the Common Delivery Terms worked out and approved by the Commission which are binding on these organizations. The Common Delivery Terms represent common legal form regulating questions relating to foreign trade purchase-sale transactions, the first in the practice of international trade relations. Regarding this fact it is interesting to note that the UN Commission on International Trade Law in 1973 emphasized the importance of this document and recommended that the UN Secretariat send it to the UN regional economic commissions for study.

As the CMEA countries' mutual trade expanded and diversified and their equipment and machinery shipments grew, they compiled a series of other important documents: the General Terms of After-sale Services, the General Terms of Assembly, the General Principles of Spare Parts Supply, and so on.

While deepening their mutual economic ties, the CMEA members consider the objective processes occurring in the world economy, and also express them in the principles of price making which guide them when fixing bilateral contract prices. Thus, these prices are based on the prices of the basic world commodity markets. Instead of being copied,

however, they are cleared of speculative and market fluctuations, in this way safeguarding the member-countries from the negative effects of such fluctuations.

These principles of price formation, worked out under the Commission's auspices and approved at the 1958 Session of the Council have demonstrated their viability and effectively promote the CMEA countries' mutual trade. By using these principles the CMEA member-states solved the complicated price problem in the present highly unstable world economy with its leap-like price changes on a number of goods and, hence, in the proportions of their exchange on world markets.

In the current five-year-plan period, as in the preceding one, contract prices in the CMEA countries' mutual trade are held at the agreed values for a period of one year. They are based on the average world prices for the preceding five years. Such a procedure lends a certain stability to prices in mutual trade, takes account of the objective processes occurring on world markets, and provides conditions for the gradual adaptation of the member countries' economies to new, changed conditions in the world economy.

Raising ever new tasks and problems, life calls for the need to seek ways and means of improving cooperation, including that in the sphere of price making. That is why these problems are always in the centre of the Commission's attention.

The CMEA members' mutual trade in the current five-year period is of great importance for accomplishing the tasks set by the 26th CPSU Congress, the congresses of the communist and workers' parties of the other fraternal countries and the 35th CMEA Session. The trade is arranged and conducted on the basis of long-term trade agreements signed for 1981-1985. Preparations for the talks on and the signing of these agreements were completed in the first half of 1981, with the exception of Poland with whom negotiations are still in progress.

As in 1981, trade between Poland and the other CMEA members this year is continuing through the annual protocols on mutual deliveries of goods.

The new agreements provide for a broad programme of mutual deliveries of machines and equipment, fuel and power, raw materials and metals, chemical products, foodstuffs and industrial consumer goods. Implementation of these agreements

will promote the steady and balanced development of the CMEA countries' economies.

Under these agreements, compared with 1980 the volume of mutual shipments in 1985 will increase in comparable prices by 38 per cent, of which Bulgaria's shipments will go up by 35 per cent, Hungary's—by 29 per cent, the GDR's—by 33 per cent, Cuba's—by 45 per cent, Mongolia's—by 51 per cent, Romania's—by 49 per cent, the USSR's—by 43 per cent and Czechoslovakia's—by 30 per cent. Trade between the CMEA member-countries and Yugoslavia will increase by 82 per cent.

As in the past, the most dynamic will be the machines and equipment sector whose proportion in the member countries' exports in 1985 will go up to 46 per cent.

The long-term trade agreements for 1981-1985 cover the third five-year period of the Comprehensive Programme. They are tied in stronger with the countries' cooperation in material production, science and technology.

In accordance with the decision adopted at the Council's Session, the working plan of the Commission for 1982-1983 envisages special attention being given to the further development of mutual trade on the basis of the 1981-1985 agreements, consistent implementation of the Coordinated Plan of Multilateral Integration Measures for the current five-year period as approved by the 35th CMEA Session, long-term special-purpose programmes of cooperation and bilateral long-time programmes of specialization and cooperation in production.

The task has been set to ever more closely tie trade agreements in with the results of national economic coordination plans and improve the price formation system for the mutual trade, the common delivery terms and the system of after-sale services for machines and equipment and their supply with spare parts. To achieve this it is necessary to improve the existing system for balancing and regulating trade between the CMEA countries in close connection with the national mutual shipments planning systems.

The measures planned for the given area will, when implemented, enable foreign trade to more actively benefit the process of specialization and cooperation in production, science and technology and

will thus help it become an important factor for developing socialist economic integration.

The path traversed by the CMEA countries in their mutual cooperation is one of strengthening and consolidating the world socialist system, which has developed and continues to develop in the complicated conditions of struggle between the forces of peace and progress and the forces of war and reaction. This is the path of restructuring the entire system of international economic relations, a process which was given particular impetus in the 1970s under the impact of the national liberation movement.

Being the main revolutionary force of our epoch, the socialist countries devote special attention to the development of their trade and economic relations with the developing countries. This is seen in their growing trade with this group of states and the constantly increasing number of the CMEA countries' partners among them.

At present the CMEA members are trading with nearly all the nations now freed from colonialism. Between 1955 and 1980, trade with them increased 24.7 times, while these nations' proportion in the total volume of the CMEA countries' trade in 1980 amounted to 12 per cent as against 6 per cent in 1955.

The CMEA member-states are giving all-round support to the developing countries to enable them to strengthen and achieve their political economic independence. The expansion and deepening of trade and economic relations between the developing countries and the CMEA members is conducive to the growth and diversification of the formers' foreign trade, the consolidation of their sovereignty and independence, and the creation of conditions for their independent economic development.

The CMEA countries always give the Asian, African and Latin American newly-independent states broad support at major international forums. With them the CMEA members initiated convocation of the UN Conference on Trade and Development (UNCTAD) and have made a great contribution to the adoption by it of constructive resolutions aimed at restructuring international economic relations.

The CMEA Standing Commission on Foreign Trade regularly considers questions relating to preparations for sessions of the UNCTAD and several other international organizations.

The CMEA members second the proposals of the developing nations for the establishment of a new international economic order, which are aimed at eliminating from the practice of international economic relations all manifestations of inequality, *diktat* and discrimination, establishing control over the activities of transnational corporations, ensuring the sovereignty of all countries over their resources and economic activity, and normalizing international trade in raw materials.

The solution of these problems will contribute to the normalization of the entire system of international economic relations, their democratization and the establishment of a new international economic order. The 6th session of the UNCTAD is called upon to play an important part in achieving these objectives.

Bellicose imperialist circles, the USA above all, are opposed to this trend in the development of international economic relations. They force the armaments drive and declare whole regions the sphere of their vital interests. Having established a rapid deployment force, these circles go out of their way to perpetuate obsolete socio-economic structures and consolidate the position of transnational monopolies, relations of inequality, oppression and exploitation, using military threats and *diktat* for the purpose.

The policy to increase international tension was expressed in US actions, aimed at unilaterally curtailing the trade and economic ties with the Soviet Union and the other CMEA members, and in the attempts of the governments of the United States and other NATO countries to directly interfere in the internal affairs of the Polish People's Republic.

The CMEA countries counter these aggressive actions and similar ones with a consistent policy of peace, peaceful coexistence and broad international cooperation.

In the sphere of their trade and economic relations with the industrial capitalist world the socialist countries are pursuing a policy that expands and deepens equal business cooperation. This policy not only benefits all partners but at the same time



also strengthens mutual confidence and helps normalize the international situation.

History shows and present-day reality confirms that despite the intrigues of aggressive imperialist circles this policy of peace and cooperation is winning ever greater recognition among businessmen, progressive political figures and statesmen in the West.

That is clearly evidenced by the growing mutually advantageous trade and the deepening cooperation in industry, science and technology. Trade between the CMEA members and the industrial capitalist states in 1980 amounted to 69,000 million dollars, a 17.9-fold increase compared with 1955.

This cooperation was particularly intensive in the 1970s when international detente was at its height. Over the past ten years this trade has increased more than fivefold, and to the mutual benefit of the parties. Progress has been achieved in some qualitatively new forms of cooperation which make this cooperation long-time and large-scale in character.

There is no doubt that this tendency will continue in the future too, for it is in the interest of all the peoples of the world.

The statement made by the CMEA Executive Committee in connection with the attempts of the governments of the USA and other NATO countries to interfere in Polish internal affairs confirms the invariability of the CMEA members' course laid towards detente, elimination of the war danger, termination of the arms race, achievement of disarmament, and expansion of equal cooperation between all countries on the basis of generally recognized international principles.

The past years have given convincing evidence that the cooperation of the CMEA countries in foreign trade is advancing under the constant guidance of the Central Committees of the communist and workers' parties of these countries and that it contributes to an ever greater extent to their economic development and the well-being of their peoples. This cooperation is highly profitable for all its participants, for it is imbued with comradely care about the successful development of each member-country and the socialist community as a whole.

To sum up the results of the path traversed and to outline the prospects for the future I should

like to quote L.I. Brezhnev's words to the effect that "we are working hand in hand with our class-brothers from the socialist countries, we are building together, and in no simple conditions at that, truly fair, truly fraternal relations between nations. This without exaggeration is one of the noblest trends of human activity in the history of mankind." \*

## **COMMUNIQUE**

### **on the 62nd Meeting of the CMEA Standing Commission on Foreign Trade**

The 62nd meeting of the CMEA Standing Commission on Foreign Trade was held in Moscow on March 23-25, 1982.

The meeting was attended by delegations from the CMEA member-countries, their leaders being: P. Bashikarov, Deputy Minister of Foreign Trade of the People's Republic of Bulgaria;

R. Cabrisas, Minister of Foreign Trade of the Republic of Cuba; B. Urban, Minister of Foreign Trade of the Czechoslovak Socialist Republic; H. Sölle, Minister of Foreign Trade of the German Democratic Republic; J. Vas, Deputy Minister of Foreign Trade of the Hungarian People's Republic; Jo. Ochir, Minister of

Foreign Trade of the Mongolian People's Republic; T. Nestorowicz, Minister of Foreign Trade of the Polish People's Republic; D. Bejan, Minister, State Secretary at the Ministry of Foreign Trade and International Economic Cooperation of the Socialist Republic of Romania; N. Patolichev, Minister of Foreign Trade of the Union of Soviet Socialist Republics; Hoang Chong Dai, Deputy Minister of Foreign Trade of the Socialist Republic of Vietnam.

In accordance with the Agreement between the Council for Mutual Economic Assistance and the Government of the Socialist Federal Republic of Yugoslavia, a SFRY delegation headed by D. Stepancev, First Deputy Federal Secretary of Foreign Trade, took part in the meeting.

Representatives from the International Bank for Economic Cooperation and the International Investment Bank participated in the work of the Commission.

The Chairman of the Commission, Head of the USSR delegation N.S. Patolichev, USSR Minister of Foreign Trade, and heads of other delegations addressed the ceremonial part of the meeting dedicated to the 25-year activity of the CMEA Standing Commission on Foreign Trade. The head of the Yugoslavian delegation gave a salutary address to the Commission on behalf of his country.

A message of greetings to the Commission from the CMEA

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\* *Economic Cooperation of the CMEA Member-Countries* No. 5, 1982 (in Russian).

Secretariat was read by A. Chaushev, the Council's Deputy Secretary, and K. Nazarkin, President of the IBEC Board, representing the International Bank for Economic Cooperation and the International Investment Bank, addressed the meeting.

It was pointed out that the establishment of the Commission in 1957 on the decision of the Seventh CMEA Session was of great significance for strengthening foreign economic relations and was an important step towards developing the CMEA member-countries' broad economic cooperation.

The years, that have passed, vividly witness the CMEA member-countries' cooperation in the field of foreign trade, that it is developing successfully under the constant attention of the central committees of the Communist and Workers' Parties, in contributing even more to the development of their economies and raising the people's well-being. This cooperation, based on the principles of socialist internationalism, respect for each state's sovereignty, independence of their national interests, non-interference in one another's domestic affairs, full equality, mutual benefit and comradely assistance, is imbued with brotherly concern so that each country and the CMEA member-countries' socialist community as a whole can advance economically.

During the last 25 years the CMEA nations' mutual trade increased from 8,600 million rubles in 1955 to 120,000 million rubles in 1980. The rapid growth of trade, outstripping that of the national income and industrial production, was accompanied with structural changes, reflecting the radical changes which had occurred in the CMEA countries' economies, the creation and development of modern industry. This is expressively demonstrated by the dynamically developing trade in machines and equipment whose turnover grew eighteenfold. At present the share of this group of commodities accounts for 42 per cent of the total trade turnover.

The meeting stressed the great contribution made by the CMEA Standing Commission on Foreign Trade in the creation of and improvements to the system for developing foreign trade on a planned basis, thus ensuring its stable and balanced progress.

Experience of cooperation over the past five planned quinquennia convincingly shows that long-term trade agreements promote the balanced and stable development of the CMEA states' economies and mutual trade and considerably lower the influence of the world capitalist economic crisis phenomena on their economies.

The price-formation principles, developed within the Commission's framework and approved by the 9th CMEA Session have displayed their viability and effectiveness in promoting mutual trade.

The solution of complex price-formation questions, and their coordination for the 1981-1985 period, ensures a certain price stability in the CMEA nations' mutual transactions, takes into account the objective processes going on in the world markets, and creates favourable conditions for developing the CMEA members mutual exchange of goods.

The long-term trade agreements, based on the coordination of national economic plans, cover the third quinquennium implementing the Comprehensive Programme. Their successful realization will be an important contribution to accomplishing the tasks set by the 26th CPSU Congress and also those by the congresses of the other CMEA member-countries' Communist and Workers' Parties held between 1979 and 1981.

In 1981, the first year of the current quinquennium, the CMEA countries' mutual trade grew 11.3 per cent.

Within the Foreign Trade Commission's framework, cooperation with the Socialist Federal Republic of Yugoslavia, based on the 1964 Agreement, has been developing successfully. Since this Agreement was signed, the CMEA nations trade with Yugoslavia has increased more than tenfold, amounting to 6,600 million rubles in 1980.

Developing mutual cooperation, the CMEA member-countries, guided by peaceful coexistence principles, are consistently pursuing a course promoting broad trade and economic cooperation with all countries irrespective of their social and economic systems.

The CMEA countries, in order to help the developing countries achieve and strengthen their political and economic independence, pay constant attention to the furtherance of trade and economic ties and render them all-round assistance.

The previous period saw a considerable expansion of the CMEA nations' trade and economic cooperation with the industrial capitalist countries which in the 1970s, through détente, had acquired a large-scale long-standing character and stimulated the creation of long-term prospects.

In recent years the world economic situation has deteriorated, discrimination on the capitalist markets has increased. US Administration and other NATO members have attempted to interfere with the Polish People's Republic's domestic affairs and at the same time curtailed the established trade, scientific and technical relations with Poland and the Soviet Union. Such actions contradict the interests of the CMEA member-countries and all countries throughout the world, their evident aim being to worsen the international situation. The CMEA states express their support for Poland's efforts to strengthen socialist order and law and render all-round assistance to the fraternal Polish people to help them overcome their economic difficulties and ensure conditions for the country's further socialist development.

The meeting approved the report on the Commission's activities for 1981 and summed up the results of the work done to implement the 35th CMEA Session's decisions which outline the Commission's main activities.

In connection with the request of the Intergovernmental Commission on the Socialist Countries' Cooperation in Computer Engineering the subject « Complementary conditions for providing computer facilities with spare parts » was discussed.

The Commission also considered other matters for developing and improving the CMEA member-countries' cooperation in foreign trade, and passed corresponding resolutions on them.

The meeting of the Commission was held in an atmosphere of full mutual understanding and comradely cooperation.

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**CSO: 1812/118**

USSR, CEMA MEMBER-COUNTRIES' COOPERATION ON PRODUCTION

Moscow FOREIGN TRADE in English No 4, Apr 82 pp 7-12

[Article by Prof. Nikolai Ivanov, D. Sc. (Econ.)]

[Text]

The Soviet Union and the other socialist countries are successfully tackling the tasks of building the new society. Thanks to the selfless labour of workers, peasants and intellectuals led by the communist and workers' parties, and also to their all-round cooperation on principles of socialist internationalism the CMEA countries have achieved a high growth rate of their economic, scientific and technical potential and the material and cultural level of their population.

The development of the world socialist system is being attended by the establishment of a new type of inter-state relations based on respect for state sovereignty, non-interference in one another's domestic affairs, complete equality, mutual advantage and comradely mutual assistance.

Having started their cooperation by coordinating their mutual shipments of goods, above all fuel, raw materials, equipment and machinery, and exchanging experience and sharing scientific and technical achievements, the USSR and the other CMEA members gradually changed to ever higher complex forms of economic interaction covering whole fields of production, science and technology. An important role in this respect has been played by the Treaties on Friendship, Cooperation and Mutual Assistance between the USSR and the other fraternal countries.

Besides exporting goods which the fraternal countries could not obtain through their trade channels with the capitalist countries as a result of the latter's discriminatory policies, the USSR gave them

economic assistance, supplying on credit terms, and in some cases even without recompense, complete sets of equipment for industry, agriculture and transport, in addition to assisting these countries to design, build and commission such projects.

The scale of this cooperation can be illustrated by the following figures: by the beginning of 1981 over 2,500 Soviet-aided enterprises and other projects were under construction in the CMEA countries; about 1,500 of them are now in operation including 204 in Bulgaria, 89 in Hungary, 192 in Vietnam, 39 in the GDR, 206 in Cuba, 438 in Mongolia, 137 in Poland, 116 in Romania, 29 in Czechoslovakia. These enterprises practically cover all spheres of the economy, the leading place being held by such key industries as power engineering, ferrous and non-ferrous metallurgy, oil refining, the chemical and petrochemical industries, construction, mechanical engineering. What is more the output of these enterprises taken together is much higher than the total output of the CMEA countries in the 1950s, when the rehabilitation of their economies after World War II was completed.

	Unit of measurement	Total output by CMEA members (without USSR)			Output of Soviet-aided enterprises prior to 1981
		1950	1970	1980	
Electricity	'000 mln kWh	45	252	435	136
Oil (refined)	mln t	6	13.5	14.2	34.3
Iron ore (extraction)	"	2	4.6	3.2	8.7
Pig iron	"	5	24	36.7	11.9
Steel	"	9	40	62	15.8
Rolled steel	"	6	29	48	22.2
Cement	"	8	43	71	7.0
Sulphuric acid	"	1	6.4	8.8	1.7
Mineral fertilizers	"	2	8	14	2.0

The following projects (annual capacity) have been built and commissioned in the CMEA countries with Soviet assistance: for coal extraction—10 million tons, for coke production—9.8 million tons, for soda ash production—2.1 million tons, for synthetic rubber production—186,000 tons, for tractor construction—30,000 units, and other heavy industry enterprises.

The Soviet Union is giving technical assistance to the CMEA members in building atomic power stations (APS). In Bulgaria the first stage of the Kozloduy APS is in operation, work is in progress to expand its output up to 1,760,000 kW. In Hungary the Paks APS with a total capacity of 1,760,000 kW is nearing completion. In the GDR the first APS in Rheinsberg is working; two stages each 880,000 kW have been completed at the Nord APS. In Czechoslovakia the Bohunice APS has been built, and work is now under way on the construction of a second, the Dukovany APS. Preparatory work is in progress for an atomic power station in Cuba.

With the participation of the Soviet Union projects have been designed for the comprehensive utilization of the water resources of the Danube: Romania and Yugoslavia have put a hydroengineering complex in the Iron Gate area into service; preparations are being made for the construction of the Iron Gate-II hydroelectric power station. The USSR and Romania have completed the construction of a hydroengineering complex on the frontier river Prut, which not only supplies electricity but also irrigates considerable farm lands on the two countries' territories. As a result of the fraternal countries' joint efforts to develop such an important economic sector as power engineering, between 1950 and 1980 the per capita generation of electricity increased as follows (kWh): from 110 to 3,931 in Bulgaria, from 322 to 2,229 in Hungary, from 1,059 to 5,904 in the GDR, from 380 to 3,425 in Poland, from 130 to 3,038 in Romania, and from 749 to 4,747 in Czechoslovakia (the figures for the USSR are 507 kWh and 4,877 kWh respectively). Electricity generation in the other CMEA countries has also increased considerably.

Particularly great is the role of the CMEA countries' cooperation with the USSR in developing their ferrous and non-ferrous metallurgy and in covering their needs for the products of these industries. Among the major Soviet-aided iron-and-steel projects we may mention such well-known enterprises as the Lenin iron-and-steel works and the Kremikovtsy iron and steel complex in Bulgaria; the Danube iron and steel complex in Hungary; the Lenin works in Cracow, the Warsaw quality steel plant and the Katowice complex in Poland; the Galați iron-and-steel works in Romania; the East-Slovakian iron-and-steel complex in Czechoslovakia.

The Soviet Union supplied almost all iron ore required for blast furnace steel production in several countries, while Bulgaria, Hungary, the GDR and Romania, who do not possess sufficient coal reserves of their own for the production of coke, import it chiefly from Poland, Czechoslovakia and the Soviet Union. Carrying out their plans of socialist industrialization and relying on the internationalist aid of the Soviet Union, the CMEA member-states have appreciably increased steel production. In 1950, for instance, Bulgaria smelted 0.7 kg of steel per capita of the population, in 1980 this figure rose to 290 kg, Hungary—from 112 to 351 kg, the GDR—from 68 to 437 kg, Poland—from 101 to 548 kg, Romania—from 34 to 593, and Czechoslovakia—from 252 to 994 kg respectively (the figures for the USSR are 152 and 557 kg).

The chemical and petrochemical industries are an important field of the USSR's cooperation with the CMEA member-countries. The Soviet Union has provided technical assistance in building large petrochemical complexes in Burgas and Pleven (Bulgaria), Szazhalombatta (Hungary), Schwedt (GDR), Plock (Poland) and Bratislava (Czechoslovakia). For the transportation of Soviet oil the trans-European Friendship oil pipeline was constructed and then its capacity expanded with the participation of the countries concerned.

As an object of mutually advantageous cooperation between the USSR and Hungary we can mention the olefin installation at the Kalush chemico-metallurgical complex (USSR) and the Tisza chemical plant in Leninvaros (Hungary) connected by a 327-kilometre ethylene pipeline. From Hungary ethylene and propylene are piped to the Kalush complex where they are processed; in exchange the USSR ships to Hungary six types of plastics, which cover a considerable part of the latter's needs for these products.

The commissioning of the first Polymir-50 experimental commercial installation in Novopolotsk to manufacture high-pressure polyethylene is an example of effective cooperation between the USSR and the GDR. The installation (50,000 tons a year) was designed and constructed by the joint effort of specialists and workers from the two countries. In 1979 the Polymir-60 installation was put into service in the GDR.

The output of high-efficiency shuttleless looms



has been organized on the basis of production cooperation between the USSR, Bulgaria, Hungary, Poland and Czechoslovakia.

Great is the USSR's contribution to supplying the CMEA members with natural gas, a highly efficient energy material and a valuable product for the chemical industry. Through the gas pipelines built by the USSR in cooperation with the European CMEA member-countries Soviet gas is being delivered to Bulgaria, Hungary, the GDR, Poland, Romania and Czechoslovakia.

Economic cooperation between the CMEA member-states reached a new, higher stage in the mid-1950s, when they began to coordinate their economic development plans. Their five-year plans have regularly been coordinated since 1956. This measure has enabled the CMEA countries to successfully tackle major problems of supplying the key sectors of their economies with the basic types of raw material, fuel and energy carriers, up-to-date equipment and machinery. Those years saw an improvement in the forms and methods of their economic, scientific and technical cooperation.

The CMEA member-countries worked out an important programme document, the Basic Principles of the International Socialist Division of Labour, which was approved by the higher party and government bodies of the member countries to serve as a practical basis for inter-state specialization and cooperation in production.

An important contribution to the elaboration of the fundamental guidelines for the development of economic, scientific and technical cooperation between the USSR and the CMEA member-countries was made by the 23rd (Special) Session of the Council, which was held in Moscow in April 1969 at the level of the general secretaries of the central committees of the communist and workers' parties and heads of government of the fraternal countries.

The session charted the course for the further improvement of cooperation and the development of socialist economic integration, which would find expression in the Comprehensive Programme.

The Comprehensive Programme for the Further Extension and Improvement of Cooperation and the Development of Socialist Economic Integration, which was adopted by the 25th Session of the Council in Bucharest in 1971, raised the fraternal countries' mutual cooperation to a qualitatively new

level and clearly oriented it towards technical progress, inter-state specialization and cooperation in production, and the joint development of natural resources for the common welfare of the peoples of the socialist countries.

In the 1970s good progress was achieved in developing such a form of cooperation between the CMEA member-countries as the setting up of appropriate capacities for the output of capital-intensive types of product by the joint effort of the interested countries. As an example of such mutually advantageous cooperation mention may be made of the agreements signed by the GDR and Czechoslovakia with Poland for the construction, on the basis of open-cast coal-fields, of a large power-generating complex in the area of Turów (Poland) with the shipment of Soviet power units for the complex; by Poland with the Soviet Union on the expansion of potassium fertilizer production in Byelorussia; by Czechoslovakia and the USSR with Bulgaria on the production of copper in the area of Medet (Bulgaria); by Poland and the USSR with Hungary on the processing of Hungarian bauxites. Work is under way on the execution of the Soviet Union's agreements with the GDR and Czechoslovakia on financial participation in expanding the oil and gas industries in the USSR, with Romania and Czechoslovakia on iron ore; with Bulgaria on ferrous metals, pulp, gas extraction, lumbering in the Komi ASSR, and so on. The credits, material resources included, will be repaid with part of the output of the enterprises built with the assistance of the fraternal countries.

This multilateral form of cooperation, first and foremost, ensures an ever more even distribution of investments among member countries, second, it provides conditions for setting up optimal capacities on the basis of the international socialist division of labour, and third, it plans the supply of requisite products with a minimum expenditure of social labour to the interested countries. As a result, each individual country and the socialist community as a whole obtain the maximum economic benefit possible.

This form of cooperation is most widely used when building large-scale costly projects. Of great importance in this respect was the adoption by the 29th session of the Council in 1975 of the first Coordinated Plan for Multilateral Integration Measures

of the CMEA member-countries for 1976-1980. The interested countries decided to pool their manpower, material and financial resources for the joint construction of large macroeconomic projects and additional production capacities estimated at a total of around 9,000 million transferable rubles. The Coordinated Plan provided for building the following projects on Soviet territory: the Soyuz gas pipeline (about 2,700 km long) from Orenburg to the USSR western frontier (commissioned in 1978); the intersystem 750 kW power transmission line Vinnitsa (USSR)-Albertirsa (Hungary) 860 km long (put into service late in 1978); the Ust-Ilimsk pulp works with a rated capacity of 500,000 tons of bleached sulphate pulp a year; the Kiembayev mining and ore-dressing complex to turn out 500,000 tons of asbestos annually (construction was completed in 1980); additional capacities to produce ferri-ferrous raw materials and ferroalloys. These enterprises are intended to improve the supply of the Soviet economy with a series of important types of raw materials, fuel and energy; at the same time the other participants will begin to receive annually from these enterprises over 200,000 tons of bleached sulphate pulp, about 120,000 tons of asbestos, over 5.5 million tons of ferri-ferrous products, some 200,000 tons of ferroalloys, 15.500 million cubic metres of natural gas, 6,000 million kWh of electric energy.

Under the Coordinated Plan the USSR and other CMEA member-countries are taking part in the construction in Cuba of a nickel-producing plant with an annual capacity of 30,000 tons; part of its output will go to the USSR and the other CMEA participants. Under a special agreement with Mongolia, Soviet organizations participated in the construction in Mongolia of the Erdenet copper and molybdenum mining and ore-dressing complex, which was commissioned in 1980. Mongolsovtsvetmet, a joint Mongolian-Soviet association to produce fluorite and non-ferrous metals, handles 92 per cent of the output of Mongolia's mining industry.

Good progress has been achieved in intensifying social production through scientific and technical cooperation between the CMEA countries with a view to the rational utilization of their material, technical and manpower resources at all stages of expanded socialist production. At the end of the

1960s about 700 research and design organizations and higher educational establishments took part in the bilateral and multilateral cooperation in the field of science and technology, whereas at present this number has risen to nearly 3,000. Some 200 to 300 models of machines, instruments and equipment, 100 to 150 processes and nearly 200 new materials and preparations are annually developed or improved. The economic benefits reaped by the CMEA members from the use of the results of this cooperation had by 1980 topped 5,000 million rubles.

In his report to the 25th CPSU Congress L.I. Brezhnev noted: "On the basis of what has been achieved we can now take the next step forward. The present priority is to work out and fulfil long-term specific programmes. Their aim is to meet, by joint effort, the rapidly growing needs for energy, fuel, basic raw materials, to ensure a fuller satisfaction of the demand for foodstuffs and industrial consumer goods, to raise the level of mechanical engineering, to speed up the development of transport. Those are our immediate common objectives."<sup>1</sup>

Their successes have enabled the CMEA countries to pass on to the elaboration and implementation of long-term specific programmes of cooperation (LSPC) aimed at pooling the member-countries' economic potentials with a view to their balanced use and the solution of the vital problems of integration on a multilateral basis. The 32nd and 33rd CMEA sessions (1978 and 1979) adopted LSPCs in the fields of energy, fuel and raw materials; mechanical engineering; agriculture and the food industry; industrial consumer goods, and transportation facilities.

Among these programmes the leading role belongs to the one dealing with cooperation in the fields of energy, fuel and raw materials. And this is not accidental, for at present the world energy and raw material situation has considerably changed, above all due to a steep increase in the cost of fuel and raw material extraction, and the non-renewability of a large portion of these resources. This

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<sup>1</sup> XXVth Congress of the CPSU, Moscow, 1976, p. 12.

dictated the need for a policy that would rationally utilize all primary sources, reduce their consumption per unit of end product, minimize the energy- and material-intensity of products, and other measures to save raw materials.

In tackling the fuel and energy problem efforts are being made to speed up the development of atomic power engineering, increase the extraction and effective use of various types of solid fuel, carry out an ever deeper processing of oil and gas, place energy-intensive industries close to the energy sources, and further the development of integrated power systems. In the 1980s, for instance, it is planned for the Soviet Union to assist in building a series of large atomic power stations in the European CMEA countries and in Cuba. It is also planned to pool the efforts of the fraternal countries in erecting on Soviet territory two atomic power plants each of 4 million kW. What is more, part of the electricity produced will be transmitted to those countries who participated in the construction.

An important role in the rational formation of the fuel-and-energy balance of the fraternal countries belongs to the General Agreement on production specialization and cooperation, according to which the USSR will develop the manufacture of energy-intensive chemical products, part of which will be shipped to the participating countries in exchange for less energy-intensive products. Provision is made for the further expansion of integrated power systems. In accordance with the General Scheme for the long-term development of power systems, apart from the USSR-Hungary 750 kV power transmission line now in commission, preparations are being made for the construction of power transmission lines of the same voltage linking USSR-Poland and USSR-Romania-Bulgaria.

The Soviet Union, which is now building its Atomenergoproekt giant, will become a major supplier of equipment for atomic power stations. Czechoslovakia on a cooperation basis will produce atomic reactors, steam turbines, generators and other process equipment; Bulgaria will supply electrical equipment and biological protection facilities; Hungary will provide special high-voltage apparatus; Poland will produce steam generators, 500 mW turbogenerators and various controlling and measuring instruments.

There is a broad programme for economic, scientific and technical cooperation on 39 LSPC-envisaged problems in the fields of energy, fuel, ferrous and non-ferrous metallurgy and the chemical industry; by 1980 half of them had completed their development stage.

The LSPC for agriculture and the food industry provides for a whole complex of measures to intensify agricultural production by way of greater mechanization, electrification, chemization and land improvement. The fraternal countries are pooling their efforts to speed up tractor production (150 h.p. and more) and sets of farm implements for them, self-propelled combines for harvesting various farm crops, and also machines and equipment for animal farms. Cooperation in the chemical industry is intended above all to create new types of highly concentrated complex fertilizers and ever more fully meet the CMEA countries' needs for phosphate fertilizers and pesticides. Of great importance for the further development of animal husbandry is the General Agreement on Cooperation in building on Soviet territory the Mosyr plant to manufacture 300,000 tons of nutrient yeast annually from highly purified liquid paraffins.

The LSPC for the food industry and the manufacture of consumer goods envisages measures that will modernize the material and technical base of the relevant industries by expanding specialization and cooperation in the manufacture of engineering products and improve the comprehensive processing of raw materials, and so on.

The LSPC for transport communications contains a whole system of economic and technological measures for railway, sea, motor and air transport and container traffic. The agreements already signed in this respect provide for the development of 18 railway lines with a total length of over 20,000 km to serve basic international shipments, expansion of the most important motor roads and transport junctions of international significance, the application of progressive technologies in all types of transport, and so on.

Of great importance for the economy as a whole and for the implementation of LSPC for individual economic sectors is the programme of long-term cooperation in mechanical engineering. This programme is called upon to ensure high growth rates

in the production of up-to-date machines, equipment and instruments for the fuel-and-energy and raw material industries, agriculture, the food industry and transport. With this aim in view measures are envisaged for specialization and cooperation in the production of machines and equipment on a multilateral and a bilateral basis for the period up to 1990.

The planned economic ties between the CMEA member states and the coordinated development of their economies also provide a reliable basis for trade relations.

Despite the complexities of the international situation, the coordinated economic and trade cooperation of the CMEA countries helps them to mitigate the unfavourable influence of the world capitalist market on the development of their economies. In recent years, for instance, their mutual shipments have made it possible for them to satisfy their import-oriented needs for equipment and machinery, oil and iron ore by 68-70 per cent, for coal and sawn timber—by 94-95 per cent, and for consumer goods—by 60 per cent.

The CMEA countries cover the bulk of their import-oriented needs for the means of production by shipments from the Soviet Union, which is clearly shown by the wide range of Soviet exports of major raw materials, equipment and machinery to these countries. In 1966-1970, for instance, Soviet shipments of coal topped 61 million tons, whereas in 1971-1975 they accounted for nearly 74 million tons, oil and oil products—165 and 178 million tons, iron ore 140 and 178 million tons, pig iron—15 and 27 million tons, equipment and machinery—5,900 and 11,700 million rubles respectively. In the Tenth Five-Year-Plan Period (1976-1980) these shipments were even more considerable. The highest rates of growth are shown by the Soviet equipment and machinery exports to these countries, whose volume rose from 139 million rubles in 1950 to 5,700 million rubles in 1980, a more than fortyfold increase.

The Soviet Union supplies the fraternal countries with machines and equipment for almost all sectors of their economies. These are first and foremost numerical programme-controlled metal-working machine tools, metal-shaping, power-generating and electrical equipment, mining equipment, rolling mills, machines for the food and textile industries, tractors and farm machinery, railway rolling stock,

lorries and passenger cars, buses, and so on. Between 1981 and 1985 the Soviet export of engineering products will amount to 35,000 million rubles, or 40 per cent over and above the figure for the preceding five years.

For its part, the Soviet Union covers an appreciable part of its import-oriented needs for machines, equipment and transportation facilities by shipments from the fraternal countries. The volume of these imports rose from 183 million rubles in 1950 to 9,800 million rubles in 1980, a more than fifty-fold increase.

Over the past five-year period the CMEA countries have accounted for up to 40 per cent of the Soviet merchant fleet replenishment, 35 per cent of the USSR's import-oriented requirements for railway carriages, 12 per cent of those for buses, up to 15 per cent of the country's retail trade stocks of consumer goods. In the current five-year period the Soviet Union plans to import from the socialist countries over 60,000 million rubles' worth of modern equipment and machinery and 40,000 million rubles' worth of consumer goods.

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Relying on the advantages of the socialist planned economy and their all-round mutual cooperation and assistance, the socialist countries have attained high rates of economic development. Suffice it to recall that over the 30 years since the establishment of the Council for Mutual Economic Assistance the volume of industrial output in the CMEA countries has increased fifteenfold, while in terms of per capita increase it has gone up more than eightfold as compared with 1950 (the average for the world is a 3.6-fold increase). The role of the CMEA countries in the entire world economy can be illustrated by the following figures: today these countries, whose population makes up only 10 per cent of the population of the planet, produce about one-third of the world industrial output. They account for 21 per cent of the world electricity production, for over 31 per cent of coal (in terms of reference fuel), nearly 21 per cent of oil, more than 30 per cent of steel, 32 per cent of mineral fertilizers, 23 per cent of cement, about one-third of the world output of chemical goods and over 33 per cent of engineering products.

Thirty years ago the CMEA countries were behind the EEC member states in industrial capacity,



today, however, they produce approximately twice as much industrial output as the EEC countries. The output of the major branches of heavy industry, reflecting the development of these two international economic organizations, with their different economic systems is seen from the following figures:

	CMEA countries		EEC countries	
	1950	1980	1950	1980
Electricity output, '000 mln kWh	137	1,731	193	1,245
Coal extraction, mln t	548	1,366	516	381
Oil extraction, (including gas condensate), mln t	44	621	2	89
Gas extraction, '000 mln cu.m.	9	462	1	161
Iron smelting, mln t	24	144	36	79
Steel smelting, mln t	36	210	48	128
Cement production, mln t	19	195	39	130
Production of mineral fertilizers (nutrient substance), mln t	3	39	5	23

The high growth rates of the socialist industry, above all its branches responsible for the progress of the entire economy, such as power engineering, mechanical engineering and the chemical industry, have ensured the steady growth of the whole of social production in the fraternal countries. A reliable economic base has been established for implementing the strategical task put forward by the Marxist-Leninist parties: a systematic rise in the living standard and cultural level of the population in these countries. Suffice it to remember that over the past 30 years the national income of the CMEA members taken together has increased nearly tenfold, while in terms of per capita consumption it is approximately 2.5 times the average world level. The achievements of the fraternal socialist countries are particularly impressive against the background of the crises-affected capitalist economy being attended by growing unemployment, inflation and a decline in the living standard of the working masses in the capitalist countries.

Relying on their great economic and scientific potential, the countries of the socialist community have entered with confidence the penultimate decade of the 20th century. The guidelines for the economic and social development of the CMEA countries for 1981-1985 and for a longer period, adopted

by the congresses of their respective parties, their coordinated economic development plans and the existing mechanism of mutually advantageous economic, scientific and technical cooperation within the CMEA framework, have created the necessary conditions for these countries to further progress, to consolidate peace and better the well-being of their peoples.

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## TRADE PROTOCOLS LISTED

Moscow FOREIGN TRADE in English No 5, May 82 pp 20-21

### [Text] **USSR-Bulgaria**

According to the signed protocol trade volume between the USSR and Bulgaria will amount to about 9,000 million rubles in 1982.

Taken into account in the Protocol are the Sides' commitments following from the Agreement on Trade and Payments between the USSR and Bulgaria for the 1981-1985 period and other economic arrangements.

While preparing these documents the Sides proceeded from the decisions of the 26th Congress of the Communist Party of the USSR and the 12th Congress of the Bulgarian Communist Party and also were guided by the results of the Crimean meeting between L. I. Brezhnev, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet, and Todor Zhivkov, General Secretary of the Central Committee of the Bulgarian Communist Party, President of the State Council of the People's Republic of Bulgaria.

The new Protocol is aimed at promoting Soviet-Bulgarian stable and rapidly developing trade and economic cooperation, and at furthering specialization and cooperation in production between the two countries, primarily in mecha-

nical engineering and electronics which are conducive to accelerating the technological progress of different industries in both countries' national economies.

In 1982 the Soviet Union will supply Bulgaria with highly productive metal-cutting lathes, power-generating and mining equipment, road-building machinery, trucks and passenger cars, bearings, farm machines and tractors. The USSR will continue its deliveries of basic types of raw and other materials needed for Bulgaria to ensure further progress of its national economy such as oil, natural gas, coal, electricity, ferriferous raw materials, metals, cotton, sawn timber, and chemicals.

Bulgaria will export to the USSR lifting and conveying equipment, agricultural machines, computers, communication equipment and also soda ash and products of chemical industry. Bulgaria will continue its traditional deliveries of consumer goods such as clothes, knitwear, fur coats, furniture, leather haberdashery, and cigarettes. Foodstuffs and other farm produce will still comprise a considerable share of Bulgarian exports to the USSR.

The Protocol was signed by N.S. Patolichev, USSR Minister of Foreign Trade, and Kh. Khristov, Bulgarian Minister of Foreign Trade.

D. Zhulev, Bulgarian Ambassador in the USSR, attended the signing ceremony.

## **USSR-GDR**

The Soviet Union and the German Democratic Republic have signed a Trade Protocol for 1982.

In preparing the Protocol the Sides were guided by the decision of the 26th CPSU Congress and the 10th Congress of the Socialist Unity Party of Germany and also by the agreement reached between L. I. Brezhnev, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet, and Erich Honecker, General Secretary of the SUPG Central Committee, Chairman of the Council of State of the GDR, on further all-round deepening of cooperation between the two states.

The signed Protocol provides for the fulfilment of the Sides' commitments, following from the agreements on trade and payments concluded by the USSR and GDR for the 1981-1985 period, and from other economic arrangements.

This year the trade turnover between the two countries will top 11,500 million rubles.

On the specialization basis the Soviet Union will supply the GDR with various types of machines, equipment and transport facilities. The USSR will continue its deliveries of the basic raw and other materials necessary for ensuring the planned development of the GDR's national economy, which include oil, natural gas, coal, coke, and electricity.

The main items the GDR exports to the Soviet Union are machines, equipment, transport facilities, instruments, chemical products and

other materials of interest to the USSR national economy. The Soviet Union will also receive consumer goods such as garments, furniture, leather haberdashery, medicines from the GDR.

The Protocol was signed by N. S. Patolichev, USSR Minister of Foreign Trade, and H. Sölle, the GDR Minister of Foreign Trade.

## **USSR-Vietnam**

On February 11 this year the Soviet Union and the Socialist Republic of Vietnam signed a Protocol on Trade and Payments for 1982, envisaging a further increase in Soviet-Vietnamese trade.

The Protocol took into account the Sides' commitments fixed in the Long-term Trade Agreement between the USSR and Vietnam for the 1981-1985 period. Both Sides proceeded from the decision of the 26th CPSU Congress and the Fourth Congress of the Communist Party of Vietnam and were guided by agreements reached between L. I. Brezhnev, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet, and Le Duan, General Secretary of the Central Committee of the Communist Party of Vietnam, during their meeting in Moscow last September.

In 1982 the USSR will continue its deliveries to Vietnam of power-generating, mining, lifting-and-conveying equipment, agricultural and road-building machinery, lorries, oil products, non-ferrous metals and their rolled stock, sawn timber, cotton and some other consumer goods. Soviet deliveries of goods of vital importance for Vietnam's national economy are to increase considerably, including rolled ferrous metals, nitrogen fertilizers, spare parts for machines, equipment and transport facilities.

Vietnam is to supply the Soviet Union with natural rubber, fresh vegetables and fruit, parquet frieze, coffee, tea, footwear, carpets and other consumer goods in constantly increasing quantities. The fulfilment of commitments envisaged by the Protocol, will assist the planned development of Vietnam's national economy and increase production efficiency, will more fully meet the requirements of the Soviet and Vietnamese peoples and create a sound foundation for further development and improvement of their trade and economic cooperation in the current five-year-plan period.

The Protocol was signed, for the Soviet side, by A. N. Manzhulo,

Deputy Minister of Foreign Trade, and for the Vietnamese side, by Khoang Trong Dai, Deputy Minister of Foreign Trade.

Nguyen Huu May, Ambassador of the Socialist Republic of Vietnam in the USSR, was present at the signing ceremony.

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**CSO: 1812/118**

## INTERNATIONAL INVESTMENT BANK GRANTS NEW CREDITS

Moscow FOREIGN TRADE in English No 4, Apr 82 p 47

[Article by Nikolai Blinkov]

[Text] Last October the Council of the International Investment Bank (IIB) held its 29th meeting in Budapest. Delegations from Bulgaria, Cuba, Czechoslovakia, the GDR, Hungary, Mongolia, Poland, Romania, the Soviet Union and Vietnam, the Bank's member-countries, were present. The meeting was also attended by representatives of the Secretariat of the Council for Mutual Economic Assistance and the International Bank for Economic Cooperation. J. Stejskal, President of the State Bank of Czechoslovakia, the head of the Czechoslovak delegation in the Bank's Council, acted as chairman.

The Council approved new projects for crediting: production rationalization of hermetically sealed compressors and low-temperature equipment at the Scharfenstein works in the German Democratic Republic; reconstruction and expansion of transport engineering, and the building of capacities to make equipment for atomic power stations at the Ganz Mavag locomotive-car-engineering plant in Budapest (Hungary); the creation of facilities for manufacturing cranes for atomic power stations and also expansion of productivity through rationalization at the E. Thälmann heavy engineering complex in Magdeburg, GDR.

The Scharfenstein enterprise produces sealed refrigerant compressors and household refrigerated cabinets to the highest world standards. For production of these articles the works has been given the name, Excellent Quality Plant. At the Autumn 1981 Leipzig Fair for its work on sealed refrigerant compressors the factory was presented with a Gold Medal.

The streamlining of the compressor and low-temperature equipment production is being carried out in accordance with the long-term specific programme of cooperation for meeting the CMEA member-countries' rational requirements in industrial consumer goods. This rationalization will make it possible to considerably increase the deliveries of sealed refrigerant compressors and domestic refrigerated cabinets to the CMEA countries and satisfy the GDR's own needs more fully.

The Ganz Mavag works is active in fulfilling the Agreement on Multilateral International Specialization and Cooperation in Production of Atomic Power Station Equipment. Measures and commitments concerning shipment of equipment for atomic power plants are included into the CMEA countries' Coordinated Plan for Multilateral Integration Measures for 1981-1985.

In addition the works supplies steel structures for modernizing and building new railway and motor roads in Hungary under a long-term specific programme of cooperation for developing the CMEA countries' transport links. The quality of the articles produced by the plant is up to the world's best. The new investments will increase the plant's production volume and hence its shipments to the European CMEA nations.

The E. Thälmann heavy engineering complex is a big manufacturer of rolling mills, equipment for the building material and cable industries, and installations for obtaining albuminous food products out of oil seeds.

In accordance with the Comprehensive Programme of socialist economic integrations and the long-term specific programme of cooperation in engineering a number of multilateral and bilateral agreements have been concluded on specialization and cooperation in production of the main articles the works specializes in. The E. Thälmann complex is a leading one in the manufacture and delivery of cranes for the atomic power stations under construction in the CMEA member-countries.

The reconstruction of the enterprise thanks to the use of the Bank's credit, will more fully satisfy the CMEA countries' requirements for the products turned out by the complex and considerably improve the economic indicators of the enterprise's production efficiency.

Thus, the 76 undertakings, earlier accepted for crediting in the CMEA member-countries and Yugoslavia to a total estimated value

exceeding 9,000 million transferable rubles, will be supplemented with three more projects: one in Hungary and two in the GDR.

The IIB Council's 29th meeting also approved the Bank's crediting plan for 1982 and adopted decisions on a number of other matters of its activity.

The CMEA member-countries expanding economic cooperation and capital investment programmes, promote the Bank's crediting activity.

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## USSR-EAST EUROPE BILATERAL TRADE

### USSR-GDR COOPERATION PROMOTES INCREASED SERIES PRODUCTION

Moscow EKONOMICHESKAYA GAZETA in Russian No 19, May 82 p 20

[Article by Yu. Medvedkov, responsible secretary of the Soviet section of the Intergovernmental Commission for Economic and Scientific-Technical Cooperation Between the USSR and the GDR: "USSR-GDR: New Forms of Cooperation"]

[Text] On 8 May 1982, GDR workers celebrate the 37th anniversary of the German people's liberation from fascism. As the result of profound revolutionary changes, there sprang up on the German soil a state of workers and peasants, successfully solving the sublime tasks of building of socialism. The economic and scientific-technical cooperation of the GDR with the Soviet Union is fruitfully developing as it is constantly being improved and enriched with new forms.

If several years ago, a survey had been made of the directors of Soviet enterprises and GDR enterprises on the character of economic benefits resulting from their business cooperation, the first to be named would have been the benefits from machines, instruments and materials required for specific production and benefits from the acquisition of production and scientific-technical information. If such a survey were to be conducted today, the list of concrete economic gains would turn out to be expanded. The cooperation of our countries is no longer limited to the sphere of barter. It now directly encompasses the production sphere, which helps resolving more successfully the task of raising the efficiency of the national economy and quality of production.

#### The Effect of Series Use

At the enterprises of CEMA countries, a situation is arising where the introduction of this or that new, progressive product in the national economy is hindered not by a lack of an appropriate production process or equipment but by insufficient production volume when directed solely for the needs of the given country. In this case, the low series capability makes carrying out the requisite restructuring of production economically disadvantageous. A way out of the situation is provided by redistribution of production programs among enterprises and sectors of the countries of the socialist community.



In CEMA countries, as a rule, it is always possible to find an enterprise that offers a broad opportunity based on mutual gain for reapportionment of the list of manufactured products, as a result of which the production program of each of the cooperating enterprises is reduced to a minimum, and series production approaches maximally to the optimal level.

Such a form is widely used in the practice of economic cooperation between the USSR and the GDR. In particular, the USSR Ministry of Chemical and Petroleum Machine Building and the GDR Ministry of Heavy Machine Building have remodeled the Tyazhpromarmatura Plant in Penza and the fixture plant in Mardeburg, in the course of which type sizes and designs of many types of industrial fixtures were redistributed for the purpose of increasing the series capability of production at each enterprise. On the basis of the large sizes of the series, new progressive technologies were selected and introduced through joint efforts, which made it possible to significantly raise production efficiency. At a large number of production sectors, labor productivity increased two-threefold and at the section of plasma treatment of casting products--even tenfold.

Another example is to be found in the production cooperation in the manufacture of the high-efficiency KS-6 beet-harvesting combine. Taking into account the Soviet experience in production and our possession of the necessary equipment and materials, the combine's diesel engine, body and power transmission are manufactured in the USSR. On the basis of the experience of our colleagues and their possession of the proper equipment and materials, the digging apparatus transporter, bunker and cab are made in the GDR. Such an allocation made it possible to raise production efficiency. Whereas prior to this there were manufactured in Leipsic tens of different products in small series, which made it necessary to readjust production two-three times a month and hindered raising of labor productivity, at the present time only five component assemblies of the KC-6 combine are being produced here in large series that are close to optimal.

Production cooperation is also most effective there where it aims at increased concentration of production for the purpose of boosting its efficiency. It is well known that with growth of unit capacities of production installations in chemistry, metallurgy, power engineering and a number of other sectors, efficiency of corresponding production also grows. Directly through the cooperation of the USSR and the GDR, shops have been created of increased capacity for the production of large antifriction bearings and devices in the chemical, electronic, electrical-equipment and other industrial sectors, satisfying the requirements of both countries. It is for this reason, for example, that interested organizations of the GDR and the USSR are remodeling the Sachsenwerk Electric-Motor Plant in the GDR. As shown by specialists' calculations, an increase here in annual production volume amounting to one mark without utilizing the advantages of cooperation with the USSR would have required a capital investment of 3.7 marks, whereas on the basis of cooperation a reduction in the products list of the plant and a significant increase in the volume of production of items left in the program in terms of the requirements of both countries, an increase of one mark in production output will require less than two marks of capital investment.

International production cooperation has made it possible to attain a high level of efficiency in the production of individual parts, assemblies and components. This trend, developing in the electronic, chemical and a number of other sectors boils down in practice to one of the varieties of production cooperation. For example, the optimal volume of annual production of a cylinder block of a motor-vehicle engine is at the present level of technology 250,000-300,000 each a year, sufficient for equipping 250,000-300,000 motor-vehicle engines. This number of engines requires the provision of, while taking into account repair sets, approximately 10 million piston rings, the optimal production volume of which, however, is 100 million per year. Consequently, the interests of achieving a high efficiency in engine production require the use of cooperation according to which one plant, specializing in the production of piston rings, serves several motor-vehicle plants in CEMA countries. At the present time, preparations are being made for cooperation with the GDR in this concrete direction.

#### Mutual Benefits

Frequently, scientific, design or production services of this or that enterprise encounter special production problems for whose solution the enterprise does not possess adequate facilities. For example, in the organization of a complex item, the equipment may lack several special machine tools and no attachments or devices for testing the item or a pilot installation for refining the production process. In such a case, it becomes necessary to find the maximum number of other enterprises, including outside of the given country, with whose aid it would be possible the problem that has arisen here. The larger the number of potential cooperative partners found by the production organizers, the greater the probability of finding a most suitable enterprise and the more effective will the cooperation be.

Thus several years ago, the USSR Ministry of Chemical Industry and its GDR equivalent developed in a comparatively short time a new production process that was significantly more efficiently than the one previously used for the manufacture of high-pressure polyethylene. The machine-building ministries of both countries fabricated the necessary equipment on the basis of cooperation. To sum up, first in the USSR and subsequently in the GDR, industrial installations were constructed, ensuring a high level of effectiveness. In particular, the production cost of polyethylene turned out to be 30 percent lower with comparatively smaller capital investment. At the same time, all work connected with the planning, development of the production process and its verification at the pilot installation as well as all planning and initial adjusting work was done in record short time and with minimal costs.

The scientific and technical development was done here with scientists, designers and technologists who had been selected from a relatively large number of Soviet and German specialists; this provided the greatest possible correspondence of their experience and professional profile with the requirements arising at different stages of the work. For each part of the process or design and for each design solution, the practical possibility was created of selecting the best possible solution from the sum of solutions at the disposal of the respective organizations of both countries. In other words, the union of

of resources created the "necessary diversity," multiplicity of alternatives from which the best were selected.

Production of processing sectors, particularly production of machine building, light or chemical industry as a rule consists of products made at the main enterprise, involving an increasingly larger number of subsuppliers whose number grows with the development of science and technology. With the transition of a head enterprises to new production, the problem arises of reorganization of production, usually not just at this head enterprise but also at numerous subsupplier enterprises; the reorganization of the subsuppliers frequently requires capital investment that largely exceeds the capital investment at the head enterprise. Cooperation among the specialists of the countries increases the probability of finding the most economical alternatives of employment of subsuppliers whose products have become necessary for the national economy of the country in connection with the change in the profile of the head enterprise.

For example, in the GDR in connection with the requirements of the domestic market, a decision was made of converting a factory producing light footwear with textile uppers to the production of leather footwear. While the reorganization of the head enterprise presented no great difficulty, the conversion of the subsupplier enterprises required large material outlays. On the basis of the principle of mutual gain, a decision was made according to which a factory for light footwear with textile uppers was built in the Soviet Union to which the freed subsuppliers from the GDR were switched to.

In the practice of production cooperation between the USSR and the GDR, the possibility of increasing the probability of finding the best technical solutions is used on a broad scale. In this way both countries have raised the efficiency of production at enterprises making glass fiber, knitwear products and certain products of the chemical industry. In particular at the Soviet Aurora Hosiery Factory, such a form of intensification of production has resulted in a 10-percent growth of labor productivity.

Direct production ties among ministries, departments and enterprises, the need for whose development was discussed at the 26th CPSU Congress, are becoming an increasingly important means of raising effectiveness of cooperation among the fraternal socialist countries.

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## USSR-EAST EUROPE BILATERAL TRADE

### COOPERATIVE CONSTRUCTION PROJECTS TO INCREASE USSR EXPORTS TO CSSR

Moscow EKONOMICHESKAYA GAZETA in Russian No 19, May 82 p 21

[Article by D. Mahan, CSSR first deputy trade representative in the USSR:  
"USSR-CSSR: Fraternal Cooperation"]

[Text] 9 May marks a big national holiday in the CSSR--the 37th anniversary of the liberation of Czechoslovakia from the fascist invaders. In the passing years, the CSSR under the leadership of its militant vanguard--the Communist Party--has achieved outstanding results in the building of socialism, in the development of the economy, science and culture and in improving the well-being of the workers. Mutually beneficial cooperation between Czechoslovakia and the Soviet Union, both on a bilateral and on a multilateral basis within the framework of the CEMA, has acquired a broad scope and scale.

The Soviet Union is Czechoslovakia's largest trade partner. In 1981 compared to 1975, goods turnover between the CSSR and the USSR grew 2.2-fold and amounted to almost 8.5 billion rubles. This is more than one-third of all Czechoslovak foreign trade. It is gratifying to note that the CSSR occupies today second place in the foreign-trade turnover of the Soviet Union. During the current five-year plan, the volume of goods turnover between the CSSR and the USSR, as provided in the long-term trade agreement for 1981-1985, will exceed 50 billion rubles versus 29.1 billion rubles for the period of 1976-1980.

Recent years have been marked by major dynamic qualitative improvements in foreign economic ties among CEMA member-countries, including between the USSR and the CSSR. An increasingly significant part of them is formed on the basis of consistently developing cooperative relations determined in conformity with the Long-Term Program of Specialization and Cooperation of Production between our countries for the period to 1990, signed in March 1980, and the long-term special goal programs of cooperation adopted by the CEMA member-countries.

One of the important directions of such cooperation is the participation of the CSSR together with other interest CEMA member-countries in the construction of a number of facilities in the USSR. The creation of these facilities may be characterized as an exceptionally important form of economic cooperation within the framework of socialist integration.

The participation of Czechoslovakia in this cooperation is of special importance for our economy. First, the CSSR has a limited and unbalanced fuel and power base. Second, our mining base generally is not in a position to satisfy the country's requirements in certain metals; with respect to other kinds, the requirements are satisfied in terms of only a few percent.

Realization of the intergovernmental agreements between the CSSR and the USSR on cooperation in the accomplishment of individual concrete joint measures makes it possible to increase deliveries from the USSR to Czechoslovakia of certain basic kinds of raw materials, power and fuel in prescribed amounts and time periods planned for many years (even for several decades) ahead. Moreover, as is known, the prices for raw materials coming from the Soviet Union are lower than on the capitalist market.

What such cooperation provides for our national economy is shown by the rich experience accumulated in the past more than two decades.

Back in 1960 Czechoslovakia concluded with the Soviet Union an agreement on cooperation in the field of ferrous and nonferrous metallurgy. Within its framework, quantities designated by the agreement of copper, lead, zinc, aluminum, iron ore and concentrate are supplied to the CSSR from capacities created in the USSR.

A big contribution to the fuel and power balance of the CSSR and further development of the use of chemicals by the national economy was made by the realization of an agreement on cooperation in the development of petroleum production in the USSR concluded in 1966. As a result in the '70s in addition to basic commitments in accordance with long-term agreements 5 million tons of petroleum have been supplied to Czechoslovakia from the USSR.

New opportunities for further participation of Czechoslovakia in the development and expansion of production capacities on the territory of the Soviet Union were created by the Complex Program of Economic Integration of CEMA Member-Countries adopted in 1971. Thus an agreement was signed in 1973 on cooperation in the construction of the Kiyembayevskiy Asbestos Ore-Concentration Combine in the South Urals. Beginning in 1980, the CSSR will receive asbestos from this combine; during the period of 1982-1990, annual delivery volume will reach 14,000 tons.

Among agreements of special importance for the development of economic ties between our countries, there may be mentioned the agreement on the participation of the CSSR in the construction of the gas trunk pipeline from Orenburg to the western boundary of the USSR, which has come to be known as Soyuz. The construction of this grandiose structure is an example of the big possibilities of economic cooperation possessed by the socialist countries. Since 1979, the USSR has been supplying participant countries with gas in increasing volume. Czechoslovakia yearly receives 2.8 billion cubic meters of gas. These deliveries have been agreed to for 20 years ahead.

In 1974 two agreements were signed on cooperation in the development of iron-containing raw materials and ferroalloys. These agreements in particular

specify that beginning in 1979, the CSSR annually will receive for 12 years iron-ore concentrate and pellets in the amount of 1.5 million tons expressed in terms of metal and 12,000 tons of ferromanganese.

In accordance with an agreement on cooperation in the construction of a plant for the production of multicomponent fertilizer--ammophos--at the Kingisepp Forforit Combine also signed in 1974, deliveries of this fertilizer from the USSR are to be increased; during 1978-1985 annual deliveries of fertilizer amount to 35,200 tons, expressed in terms of pure material.

Growth of Goods Turnover Between USSR and CSSR  
(millions of rubles)

1965	1,765
1970	2,193
1975	3,911
1980	7,184
1981	8,485

During 1976-1980, Czechoslovakia took part in the creation of additional capacities in the petroleum industry of the USSR, which made it possible to increase deliveries of petroleum from the USSR by 6.6 million tons for these years; of these 2.5 million tons were delivered in 1980.

We participated in the construction of a 750-kilovolt electric power transmission line from Vinnitsa (USSR) to Albertirsa (Hungary). As a result, beginning in 1979, deliveries of electric power in an annual volume of 1.2 billion kilovolt-hours are to be made from the USSR to the CSSR for 30 years.

Cooperation between the CSSR and the USSR exists on a broad scale and undoubtedly is of tremendous importance for our national economy. In turn Czechoslovakia, in fulfillment of its commitments contained in concluded agreements, supplies to the Soviet Union equipment, construction machines, metal-cutting lathes, trucks, materials required for the creation of specific facilities, consumer goods and also performs other services. It may be observed that no complex problems are arising in the process of fulfillment of our commitments. This results from the fact that the Communist Party of Czechoslovakia and the CSSR government are devoting much attention to these matters. The strict fulfillment of commitments is positively valued by our Soviet partners.

At the present time, work is proceeding on the fulfillment of a number of new agreements on cooperation. Thus the CSSR is participating in erecting in the USSR the Khmel'nitskaya Atomic Electric Power Station from which we shall receive for 20 years beginning in 1984, when it reaches full capacity, 3.6 billion kilowatt-hours of electric power on an annual basis. There is also being realized an agreement on cooperation in the construction of the Mozyr' Nutrient Yeast Plant. Czechoslovakia's participation in this project will provide it with the receipt of 20,000 tons of yeast annually after the plant goes into operation.

Czechoslovakia is one of the biggest buyers of iron ore in the USSR, and it is attempting to use every opportunity to retain the delivery size of this most important raw material on the level required for the national economy. This aim is served by an agreement signed in February of this year on continuing during 1982-1985 cooperation in the production of iron-containing raw materials in the USSR and their deliveries to the CSSR. The agreement provides for deliveries from Czechoslovakia of high-efficiency mining and transporting equipment, primarily the CzME-3 diesel locomotives, Tatra trucks and other machinery and equipment for a hospital and polyclinic.

This is the first stage in cooperation in the development of production of iron-ore raw material in the Soviet Union. At the present time, preparations are proceeding on a multilateral basis for the second stage, when construction will be undertaken of new mining and processing capacities of interested CEMA countries in the region of Krivoy Rog. Here also the CSSR will take an active part.

Special-purpose cooperation is a most effective form of bilateral and multilateral cooperation of the countries of the socialist community. Reference is first of all now made to the realization of the Long-Term Program of Development of Specialization and Cooperation of Production Between the CSSR and the USSR. This program raises Czechoslovak-Soviet cooperation to a qualitatively new level. It provides for an even closer union of efforts in utilization of material resources and the scientific and production potential of both countries for the joint solution of very important national-economic tasks over the long range. At the same time, it provides for a close tie with long-range special-goal programs of cooperation within the CEMA framework. Considerable attention is given, for example, to cooperation in production of equipment for atomic electric power stations. Czechoslovakia is actively participating in it both within the framework of the bilateral agreement with the USSR and also on a multilateral basis within the framework of the CEMA.

The results attained in the process of socialist economic integration have undoubtedly promoted the development and drawing closer of the economies of the countries of the socialist community. They were valued in this spirit at the 16th Congress of the Communist Party of Czechoslovakia, at the 26th CPSU Congress and at the 35th Session of the Council of Economic Mutual Aid.

The USSR, possessing a large economic, technical and scientific potential, in the future will remain our main partner in the solution of national-economic tasks. We are striving that in all parts of our national economy participating in the accomplishment of export commitments with respect to the Soviet Union tasks are fulfilled precisely and strictly and that in this way the decisions of the 16th Congress of the Communist Party of Czechoslovakia on the development of foreign-economic ties are realized.

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CSO: 1825/68

## USSR-EAST EUROPE BILATERAL TRADE

### EFFORTS OF SOVIET COOPERATION TO IMPROVE POLISH OPERATION OF ECONOMY

Moscow EKONOMICHESKAYA GAZETA in Russian No 16, Apr 82 p 20

[TASS article: "Soviet-Polish Cooperation"]

[Text] In Warsaw, the regular 24th session of the Intergovernmental Soviet-Polish Commission for Economic and Scientific-Technical Cooperation was held. The commission examined a number of important problems of economic cooperation between the two countries. Special attention was devoted to a discussion of questions relating to fuller utilization of the production capacities of Polish industry and to the reduction of its dependence on cooperative ties with capitalist countries. The results were summarized of the work of ministries and departments of the two countries on these questions and determination was made of the direction of further development of cooperation. The question was also studied of progress in the fulfillment of the protocol on goods turnover and payments between the USSR and Poland for 1982.

The Soviet delegation was headed by Deputy Chairman of the USSR Council of Ministers N.V. Talyzin and the Polish by Deputy Chairman of the Polish Council of Ministers Z. Madej.

The work of the commission was conducted in a businesslike and friendly atmosphere.

N.V. Talyzin was received by First Secretary of the Central Committee of the Polish United Workers Party, Chairman of the Polish Council of Ministers W. Jaruzelski. In the course of the talk the practical results were discussed of the fulfillment of the agreement reached at the time of the recent visit of the Polish party-state delegation to the USSR. Coordinated measures were presented on the use of production capacities in machine building, light and chemical industry of Poland, which turned out to be underloaded as a result of the discriminatory measures of the capitalist states. A program was also examined of future measures aimed at deepening of cooperative ties between the Soviet and Polish economy.

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CSO: 1825/68



## USSR-EAST EUROPE BILATERAL TRADE

### BRIEFS

POLISH COAL OUTPUT--Poland's economy in the first quarter of this year showed the first positive changes. As reported by the newspaper ZYCIE WARSZAWY, in the first three months miners provided the country with 47.4 million tons of coal--6.2 million tons more than for the same period last year. In March daily production of coal increased 0.8 percent compared to February, in metallurgy, production of rolled items increased 0.3 percent, of steel pipe--2 percent, tin--6.8 percent. Cement production increased 20 percent. On the whole, based on the results of the work for the first quarter, achieved manufactured products decreased 10 percent compared to the same period of last year. But growth of production of industrial materials and fuels made it possible to increase the work of a number of industrial enterprises. In particular, the daily production norm of tractors in March increased 7.8 percent. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 17, Apr 82 p 22] 7697

CSO: 1800/798

## TRADE WITH LDC's

### SOVIET, IRAQI TRADE AGREEMENT PUBLISHED

Moscow FOREIGN TRADE in English No 5, May 82 pp 52-53

[Trade Agreement Between the Union of Soviet Socialist Republics and the Republic of Iraq]

[Text] The Government of the Union of Soviet Socialist Republics and the Government of the Republic of Iraq,  
Inspired by the desire to consolidate and expand trade relations between both countries on the basis of equality and mutual benefit,  
Have agreed as follows:

#### Article 1

1. The trade turnover between the Union of Soviet Socialist Republics and the Republic of Iraq shall be effected on the basis of Lists « A » and « B », attached hereto.
2. List « A » shall include goods designated for export from the Republic of Iraq to the Union of Soviet Socialist Republics.
3. List « B » shall include goods designated for export from the Union of Soviet Socialist Republics to the Republic of Iraq.
4. Lists « A » and « B » may be amended by agreement between the Governments of both countries.

#### Article 2

Lists « A » and « B » attached to this Agreement, taking into consideration the amendments which may be introduced therein subject to Article 1 of this Agreement, shall not be limitative. Soviet foreign trade organizations, on the one hand, and Iraqi organizations, physical and legal persons, on the other hand, may conclude with each other commercial transactions for the import and export of goods not included in the said Lists « A » and « B ».

#### Article 3

The trade turnover between the two countries shall be effected under this Agreement in accordance with laws and rules regulating import and export valid in either country, and on the basis of contracts.

#### **Article 4**

Both Governments shall reciprocally grant each other the most-favoured-nation treatment in all matters pertaining to trade between both countries, including customs duties and any other charges levied on import and export, and also to rules and formalities related thereto.

The provisions of this Article shall not apply to:

1. Privileges and facilities which have or may be extended by one of the Governments to adjacent countries for the purpose of facilitating frontier traffic;

2. Privileges and facilities, including customs ones, which have been extended by one of the Governments on the basis of an agreement or understanding on the establishment of a free trade zone or a customs union;

3. Privileges and facilities which the Republic of Iraq has or may grant to Arab countries;

4. Privileges and facilities which the Union of Soviet Socialist Republics and the Republic of Iraq have granted or shall grant to one or several neighbouring countries.

#### **Article 5**

Provisions of this Agreement shall not obstruct the rights of either Government to take measures for prohibiting or limiting the importation and exportation of goods, aimed at ensuring national security, protection of health and life of citizens, and protection of fauna and flora.

#### **Article 6**

All payments to be made between the Union of Soviet Socialist Republics and the Republic of Iraq under this Agreement shall be effected in any freely convertible currency by agreement between the contracting parties.

#### **Article 7**

Representatives of both Governments may meet to work out annual protocols on trade turnover based on the Lists of goods mentioned in Article 1 of this Agreement, alternately, in Moscow and Baghdad at mutually agreed dates.

#### **Article 8**

Representatives of competent authorities of both countries shall meet at mutually agreed dates in order to develop trade between both countries and review the implementation of this Agreement.

#### **Article 9**

Both Governments shall render assistance with regard to participation in international trade fairs held in either country

and in the organization of permanent or temporary exhibitions of one country in the territory of the other in accordance with the legislation and rules of either country subject to agreements between the competent authorities of both countries.

Subject to laws and rules in force in either country, both Governments shall permit the importation or exportation with the exemption from the payment of customs duties and any other taxes and charges of:

articles and equipment required for holding international fairs and exhibitions;

articles to be used as trade samples provided they are not intended for sale;

advertising materials the cost or price of which has no commercial value;

exhibits provided under re-export conditions unless competent authorities of both countries agree otherwise;

articles, materials, tools, and devices imported for processing, treatment, use for assembly and/or repair of equipment, or for construction or other work provided they are re-exported.

#### **Article 10**

From the date of this Agreement coming into force the Trade Agreement signed between the Union of Soviet Socialist Republics and the Republic of Iraq on October 11, 1958, shall cease to be valid.

**For the Government of the  
Union of Soviet Socialist  
Republics**

**I. T. GRISHIN**

#### **Article 11**

This Agreement shall be ratified or approved in accordance with the legislation of either country. It shall come into force from the date of exchange of notes confirming the Agreement, and shall be valid for 5 years. It shall be extended for a subsequent 5-year period unless one of the Governments informs the other Government of its intention to terminate it 3 months prior to the expiry of the Agreement.

If one of the Governments wishes to amend this Agreement, it shall inform the other Government in writing at least 6 months prior to the discussion of such a proposal.

Done at Moscow on June 19, 1981, which corresponds to 17th Shaaban 1401 A. H., in two originals, each in the Russian and Arabic languages, both texts being equally authentic.

**For the Government of  
the Republic of Iraq**

**MAHDI MUHSEN AUDA**

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**CSO: 1812/119**

## TRADE WITH LDC's

### SOVIET, SYRIAN TRADE AGREEMENT SIGNED

Moscow FOREIGN TRADE in English No 5, May 82 p 54

[Agreement on Trade Turnover Between the Union of Soviet Socialist Republics and the Syrian Arab Republic in 1981-1985]

[Text] The Government of the Union of Soviet Socialist Republics and the Government of the Syrian Arab Republic,

Guided by the provisions of the Treaty on Friendship and Cooperation between the Union of Soviet Socialist Republics and the Syrian Arab Republic of October 8, 1980, and the Long-Term Trade Agreement between the Union of Soviet Socialist Republics and the Syrian Arab Republic of November 4, 1965,

In connection with the successful implementation of the Agreement on Trade Turnover between the USSR and the SAR for 1976-1980 of January 24, 1976, and

Desiring to promote further development of trade between the two countries on a long-term basis,

Have agreed as follows:

#### Article 1

The trade turnover between the USSR and the SAR in the period from January 1, 1981, up to December 31, 1985, shall be effected in accordance with the lists attached to this Agreement subject to the provisions of the Long-Term Trade Agreement and the Payments Agreement between the Union of Soviet Socialist Republics and the Syrian Arab Republic of November 4, 1965.

The Parties shall undertake the necessary measures for ensuring the deliveries of goods between both countries in accordance with the above-mentioned lists and they shall also strive to increase the volumes of mutually delivered goods. In this connection, foreign trade organisations of the USSR and physical and legal persons of the SAR may also conclude contracts for delivery of goods not included into these lists or over and above the quantities or amounts indicated therein.

For the Government  
of the Union of Soviet  
Socialist Republics

N.D. KOMAROV

## **Article 2**

The Long-Term Trade Agreement and the Payments Agreement between the Union of Soviet Socialist Republics and the Syrian Arab Republic of November 4, 1965, shall at least be in force until December 31, 1985, with their possible further prolongation according to Article 23, Clause 4, and Article 12 of these Agreements.

## **Article 3**

To facilitate the implementation of this Agreement both Parties shall, if necessary, consult one other. For this purpose representatives of both Parties shall meet at the proposal of either of them at an agreed place and time.

## **Article 4**

This Agreement shall be subject to approval in accordance with the constitutional procedure of either country and it shall come into force from the date of exchange of notes of approval, however, its provisions shall temporarily apply from January 1, 1981.

Done at Moscow on May 28, 1981, in two originals, each in the Russian and Arabic languages, both texts being equally authentic.

**For the Government  
of the Syrian Arab Republic**

**MOHAMMED AL-ATRASH**

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**END**